S. Hrg. 101-6

NOMINATIONS—DEPARTMENT OF COMMERCE

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

NOMINATION OF

ROBERT A. MOSBACHER, TO BE SECRETARY, DEPARTMENT OF COMMERCE

JANUARY 24, 1989

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NOMINATION—DEPARTMENT OF COMMERCE

TUESDAY, JANUARY 24, 1989

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION,
Washington, D.C.

The Committee met, pursuant to notice, at 10:00 a.m., in room SR-253, Russell Senate Office Building, Hon. Ernest F. Hollings presiding.

Staff members assigned to this hearing: Pat Windham and Becky Kojm, professional staff members; and Ruth Johnson, minority professional staff member.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. Good morning. The committee will please come to order. We have been awaiting our colleague, Senator Bentsen, who is a little behind schedule here this morning, but he should be along momentarily.

Let me, at the first meeting we have had this Congress, welcome our distinguished friend from Montana, Senator Burns. We are delighted to have you on the committee, and of course your other new colleagues, Trent Lott and our old friend Slade Gorton; and I will be welcoming our two governor friends over here, Senator Bryan and Senator Robb, when they come along. That's right, they've learned early they don't have to be here on time. But we have an important confirmation hearing here this morning.

This morning the Committee will consider the nomination of Robert Mosbacher of Texas to be the next Secretary of Commerce.

It is an important hearing, for never has the role and performance of the Commerce Department been more critical to our Nation's well-being. We live in an increasingly competitive and interdependent world economy, and one in which other governments are well-organized to advance the interests of their industries.

Yet all too often our government does not go to bat for American business or sustain services vital to the welfare of our citizens. In trade negotiations, important economic interests are often submerged out of concern for diplomatic niceties. In the technology area, we have just been through eight years of an administration which ignored the continuing erosion of this country's lead in technology and systematically tried to cut what technology research and service programs we do have.

Even NOAA's National Weather Service—vital to agriculture, industry, and public safety—has seen its resources and operations deteriorate. The final budget of the recently-departed administration would, if enacted, probably leave this country without operating weather satellites.

What the United States needs is an administration and a secretary that will put commerce back into the Commerce Department—leaders who will actively work to advance the interests of American business. Without a sensible and clear-sighted Federal partnership with our companies, we will continue to lose one American industry after another.

Last year, in the technology and trade portions of the Omnibus Trade and Competitiveness Act, Congress gave the Department of Commerce strong new authority to assist American business. The question before us today is whether the new administration will provide the direction and resources needed to use that authority.

Robert Mosbacher has had a long and successful career in business, and his close relationship to President Bush is well known. I look forward to hearing how he would run the Department of Commerce, should he be confirmed, and look forward to this morning's discussion between him and Committee Members.

Mr. Mosbacher will be introduced this morning by the two distinguished Senators from the State of Texas. I understand, however, that Senator Bentsen may be delayed. If that is the case, we will welcome Senator Gramm and Mr. Mosbacher to the witness table and hear from Senator Bentsen when he arrives.

Senator Danforth do you have a statement?

OPENING STATEMENT BY SENATOR DANFORTH

Senator DANFORTH. Mr. Chairman, I'm very delighted that you have scheduled this hearing in a timely fashion, and we welcome Mr. Mosbacher to the Commerce Committee. I am very pleased that he is the President's nominee. I think it is going to be a major benefit to his department and the various efforts of his department to have a person who has such a close relationship with the President-working as our new Secretary of Commerce, and I look forward to his early confirmation.

The CHAIRMAN. Very good. It is our hope, if we could move along on this particular hearing, to have a mark up of this nominee and perhaps also the Secretary of Transportation, Mr. Skinner, on Tuesday of next week. But we will confer with Senator Danforth first.

Senator Gramm, my old colleague in budget conspiracy, we are delighted to have you, sir, and we recognize you now. And I see Senator Bentsen, if you will yield, we have got to get to our colleague here on the committee.

OPENING STATEMENT BY SENATOR BENTSEN

Senator BENTSEN. Thank you very much, Mr. Chairman, and I apologize to you for my lateness in arrival. I have been chairing another committee where we have had another Member of the Cabinet.

I have known Bob Mosbacher for at least 25 years. He has been a friend, counselor, tough competitor, a man who is an international businessman and an international competitor as a sailor. He understands the sea and he understands the air, and I think that will stand him in good stead in his overseeing of the National Oceanic and Atmospheric Administration.

But as a businessman, and as an international businessman, I think he will do the kind of job that has to be done to upgrade commercial attaches, and to work to help see that this country becomes more competitive from an international standpoint on trade.

This man was born in New York, went to college in Virginia and, for the past four decades, has been a very successful and able businessman in Texas. I think he exemplifies the kind of new activism which President Bush promised at his inauguration. I think he has the spirit and the smarts to be a very able Secretary of the Commerce, and I am very pleased to endorse him.

The CHAIRMAN. Very good. Senator Gramm.

STATEMENT OF HON. PHIL GRAMM, U.S. SENATOR FROM TEXAS

Senator GRAMM. Let me say I am happy to be here with Senator Bentsen and my friend Bob Mosbacher.

Bob Mosbacher is first and foremost a businessman, and let me assure you, with the difficult times that we have had in Texas in the last three years, you do not stay in the oil business in Houston unless you have_got something on the ball. In fact, Bob Mosbacher has not only stayed in the oil business, he has continued to prosper, with aggressive business practices and with sound financial principles.

He is a man with great business experience who came to Texas after the war, went into the oil business, built a very successful company, has been involved in small business and big business, understands what it is to compete, understands the world market, and I agree with Senator Bentsen that Bob Mosbacher is exactly the person who can work to make America more competitive on the world market.

I think he has many pluses; the biggest being a keen business sense, the competitiveness that comes from prospering in a very tough business, through tough times. I think also having the friendship and the confidence of the President will be important as we plot a new course in trying to make American goods and American workers more competitive on the world market. I think Bob Mosbacher will to do an excellent job at that.

I look forward to working with him, and I commend him to you for this appointment.

The Chairman. Very good. We cannot thank you enough, both you and Senator Bentsen, for your introduction of Mr. Mosbacher. You will not get stronger presentation at any hearing than our two colleagues have made here this morning, and we thank you. If you have other hearings, please feel free to go. We will move to Mr. Mosbacher.

On behalf of the committee I have had an opportunity to look at Mr. Mosbacher's financial records, and FBI report, and there is no question that he is a man of high integrity and accomplishment.

There was only one little glitch, and it was not your fault, Mr. Mosbacher, and that was the concern of our friends at Common Cause. They wanted you to publish a list of large contributors and that was an education to me when I got their letter. I never knew anybody was giving around $100,000 to any campaign. That has also happened on our side of the aisle, and looking at it closely I learned immediately that there was nothing wrong in what you did. You were complying with the law.

If there was fault, it was with us, who make the law right up here; and I hope sometime we can get a constitutional amendment whereby we can limit spending in political campaigns. But that is another matter not before the committee.

All I wanted to note was that I welcomed your publication of the names of those particular contributors. I know of no opposition, or even question about your nomination. With this good turn out this hearing is going to last at least an hour or so even with a five-minute time clock. I will also be limited to the same five minutes, in the first go around, anyway.

Senator Rockefeller do you wish to make your opening statement at this time?

OPENING STATEMENT BY SENATOR ROCKEFELLER

Senator Rockefeller. Mr. Mosbacher, I would like to congratulate you on your nomination. I am sure you have already learned about how complex the Commerce Department is. It represents an enormous challenge. This Committee has worked very closely with your predecessors, and I look forward to developing an excellent relationship with you.

One of my greatest concerns is the ability of the United States to compete in world markets and our ability to compete against foreign companies in our own country. Imroving American competitiveness has been a priority of mine, not only during the four years I have been in the Senate, but also while I was Governor of West Virginia.

The Commerce Department can, and should, play a key role in this effort, and the Commerce Committee has tried to help and encourage your predecessors to increase and improve the Department's activities. I, personally, have been particularly interested in several areas.

First, America's excellent basic R&D must be transferred out of the Federal and university laboratories to the commercial sector. I am pleased that the National Bureau of Standards has been reorganized into the National Institute of Standards and Technology with a strengthened mission of commercializing new technologies. We need to do a much better job of gaining commercially from the fruits of our research labors.

Second, there is a great imbalance in the flow of technology between the United States and Japan, and it must be corrected. The two Governments signed a new Science and Technology Agreement last year, and it is important that we fully exploit the openings that are now available, at least in principle, in the Japanese research system. This can only be done through a cooperative effort by government, industry, and academia in this country.

Another problem in the imbalance in our technology relationship with Japan involves the workings of the Japanese patent system. The United States Patent and Trademark Office has been engaged in discussions with Japan in a broad series of bilateral, trilateral, and multilateral fora, and we are making some progress in assuring that high tech products of American industry are adequately protected in Japan. I am still quite concerned, however, that the Japanese Government does not understand the depth of our concern about the trade impact of a slow, backward, and tortuous system. Remedying this problem is a priority of mine.

Third, Government must work closely with basic industry in the United States to put us back in the market. As John Zysman and Steven Cohen have written, manufacturing matters. Although the portion of our economy that provides services is expanding, many of these services are directly related to the manufacturing sector. Without manufacturing, much of the service industry would disappear. We must improve the efficiency of our basic industries like chemicals, steel, coal, glass, and so on. There should be a role for Government in this process, and I hope you share my view.

In addition, I would like to bring another matter to your attention. As chairman of the only subcommittee in the Senate that deals with tourism, I want to point out that tourism is America's second largest employer and third largest retail industry. The travel and tourism industry represents a major economic force in the United States, and I would like to see this fact reflected in the activities of the Commerce Department.

As I said earlier, Mr. Mosbacher, I look forward to developing a good relationship with you.

The CHAIRMAN. First, let me have your opening statement and then we will get into questions on a five-minute basis. Your biographical sketch will be included in the record along with the prehearing questions and any posthearing questions that may arise. We welcome you, sir.

[The biographical sketch follows:]

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United States Senate
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Mosbacher (Last) Robert (First) Adam (Other)

Address: 2209 Kingston
Houston, TX 77019
(Current residence)

712 Main Street, Suite 2200
Houston, TX 77002-3290
(Business)

2. Position to which nominated: Secretary of Commerce

Date of nomination:

3. Date of birth: March (month) 11 (day) 1927 (year)

Place of birth: Mt. Vernon, New York

4. Marital status: Married

Full name of Spouse: Georgette Paulsin Mosbacher

5. Names and ages of children: Diane Mosbacher - 39
Robert Mosbacher - 37
Kathryn Mosbacher - 35
Lisa Mosbacher Mears - 32

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Washington & Lee Univ.	9/44 to 7/47	B.S.	10/7/47
The Choate School	9/39 to 6/44	Diploma	1944

7. **Employment record:** List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
7/78	12/88	Mosbacher Energy Company	712 Main, Ste 2200 Houston, TX 77002-3290	Chairman of Board & CEO
9/48	7/78	Self - Sole Proprietorship	1300 Main, Ste 2100 Houston, TX 77002	Oil & Gas Producer
9/47	9/48	Emil Mosbacher	19 Rector St. New York, NY 10019	Apprentice

8. **Government experience** List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

Member, National Petroleum Council (Chairman 1984-85)

Member, Governor's Energy Council, State of Texas

9. **Political affiliations activities:** List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

Board of Directors - Republican Finance Committee - 1988
Bush for Senate Committee - 1970
Convention Gala Co-Chairman - New Orleans - 1988
Desmond Barry for Congress - 1964
Executive Committee of Republican Finance Committee - 1987
Finance Committee - Reagan-Bush - 1980
Fund for America's Future
George Bush for President
Harris County Chairman for Nixon for President - 1968
Harris County Democrats for Nixon (Nixon & Lodge Campaign - 1960)
National Finance Chairman - Bush for President - 1980
National Finance Chairman for President Ford - 1976
Presidential Trust Committee - 1988
Republican Eagles
Republican Finance Committee - 1975 to Present
Rob Mosbacher for Senate - 1984 (Finance Chairman)
State Chairman Business and Industry for Re-election of The President
State Finance Co-Chairman for Jim Baker for Attorney General - 1978
Team 100 General Chairman - Republican National Committee - 1988
Victory '88

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January 13, 1989

Answer to Question 9A to Statement for Completion by Presidential Nominees

Contributions to Federal Candidates and Federal Committees

Date	Recipient	Amount
04/16/79	George Bush for President	$ 1,000.00
05/04/79	Repub. Legislative Campaign Trust	$ 1,000.00
09/14/79	Senator Schmitt Dinner Com.	$ 400.00
09/20/79	Repub. National Com.	$10,000.00
12/14/79	John Le Boutillier for Congress	$ 200.00
06/02/80	Repub. Nat. Com.	$10,000.00
06/27/80	Archer for Congress Com.	$ 300.00
10/10/80	NY Fed. Camp. Com.	$ 5,000.00
07/11/80	Nat. Repub. Com.	$ 6,000.00
08/28/80	Citizens for O'Neal	$ 1,000.00
01/01/81	Repub. Natl. Com. - Inaugural - Parade	$ 600.00
01/13/81	Repub. Natl. Com. - Inaugural - Tickets	$ 600.00
01/16/81	Repub. Finance Com.	$ 600.00
02/24/81	1981 Senate House Dinner	$ 5,000.00
02/25/81	Hinousa Senate Campaign	$ 250.00
05/05/81	Comm to Re-Elect Sen. Orrin Hatch	$ 500.00
08/17/81	Repub. Nat. Comm.	$10,000.00
08/27/81	Natl Fed of Repub. Women	$ 1,000.00
09/01/81	Wallop for Senate Comm.	$ 1,000.00
10/26/81	Heckler Congressional Com.	$ 250.00
01/08/82	Schmitt for Senate Com.	$ 1,000.00
01 [illegible]5/82	Capuho for Senate	$ 1,000.00
04/01/82	Cissy Baker for Congress	$ 1,000.00
04/30/82	1982 Repub. Senate	$ 2,500.00
06/28/82	Com to Re-Elect Cong. Jack Fields	$ 500.00
06/28/82	M. Cain for Congress Comm	$ 1,000.00
07/08/82	Archer for Congress Com.	$ 300.00
07/19/82	Jim Collins for U.S. Senate	$ 500.00
08/30/82	Cissy Baker for Congress	$ 500.00
09/13/82	Repub. Nat. Finance Com.	$ 6,557.00
09/23/82	A Salute to George Bush	$ 500.00
10/04/82	Fenwick for Senate	$ 500.00
10/19/82	Durenberger for Senate Com.	$ 1,000.00
12/01/82	Repub. Natl Comm.	$ 3,000.00
01/13/83	Cong. Phil Gramm	$ 1,000.00
01/17/83	Repub. Eagles	$10,000.00
04/06/83	1983 Repub. Senate House Dinner	$ 5,000.00
06/07/83	Jack Fields Cong. Club	$ 500.00

06/07/83	Warner for Senate	$ 1,000.00
07/11/83	Sen. Charles Ray Nix Campn.	$ 100.00
09/16/83	Repub. Senate Class of 1984	$ 5,000.00
04/06/83	Repub. Senate House Dinner	$ 5,000.00
09/16/83	Repub. Senate Class of 1984	$ 5,000.00
01/10/84	Repub. Natl Com.	$10,000.00
01/17/84	Charles Percy for Senate Com.	$ 500.00
06/22/84	Repub. Natl Finance Comm	$ 450.00
08/08/84	Dole for Senate	$ 1,000.00
09/25/84	Warner for Senate Comm.	$ 500.00
10/15/84	Phil Gramm for Senate	$ 1,000.00
10/15/84	Jack Lousma for Senate	$ 500.00
04/26/85	Fund for America's Future	$10,000.00
06/03/85	Quayle for Senate	$ 500.00
07/31/85	Senate Laxalt Legal	$ 1,000.00
12/09/85	Republican Natl Com (Eagles)	$10,000.00
03/17/86	Hutcheson for Senate	$ 1,000.00
04/07/86	Fund for America's Future	$ 5,000.00
05/28/86	Fields for Congress	$ 500.00
05/28/86	Archer for Congress Com.	$ 500.00
07/21/86	VP President's Exploratory Account	$ 750.00
09/18/86	Mike Curb Campaign	$ 1,000.00
01/05/87	Republican Natl Finance	$10,000.00
02/04/87	Fund for America's Future	$ 5,000.00
06/05/87	Pete Dawkins for Senate	$ 1,000.00
10/02/87	Citizens for America	$ 5,000.00
01/11/88	Phil Gramm Senate Club	$ 1,000.00
01/18/88	Republican Eagles	$10,000.00
02/29/88	Leadership USA	$ 1,000.00
03/24/88	Trent Lott Campaign	$ 500.00
04/22/88	The President's Dinner	$ 5,625.00
07/18/88	Senator John Heinz Campaign	$ 500.00

Contributions by Georgette Mosbacher
to Federal Candidates and Federal Committees

04/08/86	Fund for America's Future	$ 5,000.00
07/21/86	Vice President's Exploratory Account	$ 750.00
09/30/86	Leadership, U.S.A.	$ 1,000.00
04/15/87	George Bush for President	$ 250.00
07/27/87	Fund for America's Future	$ 5,000.00
08/19/87	Republican Party of Iowa	$ 200.00
04/12/88	Pete Dawkins for U.S. Senate	$ 1,000.00

CONTRIBUTIONS TO TEAM 100

By Robert or Georgette Mosbacher:

11/10/87	Presidential Trust (Robert Mosbacher)	$10,000.00
01/25/88	Repub. Eagles (Robert Mosbacher)	$10,000.00
05/10/88	Convention Gala (Robert Mosbacher)	$10,000.00
08/24/88	Harris County Repub. Party (Robert Mosbacher)	$10,000.00
08/25/88	Repub. Nat'l State Election Cmte (Robert Mosbacher)	$35,000.00
08/31/88	Texas Victory 88 (Georgette Mosbacher)	$ 5,000.00

By other Mosbacher Family Members:

08/25/88	Texas Victory 88 (Robert Mosbacher, Jr.)	$ 5,000.00
08/26/88	Texas Victory 88 (Lisa Mosbacher Mears)	$ 5,000.00
08/26/88	Texas Victory 88 (Catherine Clark Mosbacher)	$ 5,000.00
08/31/88	Texas Victory 88 (Downing Mears)	$ 5,000.00

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

Listed under "H - Remarks"

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Washington & Lee University - Doctor of Laws (Honorary) May 31, 1984

National Society to Prevent Blindness - 1984 Man of Vision

Distinguished Service Award - Texas Mid-Continent Oil & Gas Assn. - 1982

Distinguished Service Award - Board of Visitors, University of Texas Cancer Foundation

Recognition for Exemplary Service - National Alliance of Businessmen - 1968

Leadership and Extraordinary Service - Boys Clubs of America - 1985

Distinguished Service to the Community - Houston Job Fair - 1972

Distinguished Service Award - Greater Houston YMCA

12. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

None

H. REMARKS

Answer to Question 10A. to Statement for Completion by Presidential Nominees

Mosbacher Foundation
All American Wildcatters
American Association of Petroleum Landmen
American Business Conference
American Hospital of Paris Foundation
American Petroleum Institute
Aspen Institute for Humanistic Studies
Boys Clubs of America
Center for Strategic and International Studies
Choate Rosemary Hall
Forum Club of Houston
Governor's Energy Council, State of Texas
Houston Area Research Council
Houston Chamber of Commerce
Houston Club Advisory Council
Houston Committee for Private Sector Initiatives
Independent Petroleum Association of America
Institute for Philosophical Research
International Association of Drilling Contractors
M. D. Anderson Hospital
Mid-Continent Oil and Gas Association
Museum of Fine Arts of Houston
National Petroleum Council
Natural Gas Supply Association
St. Lukes Hospital
Texas Heart Institute
Woodrow Wilson International Center for Scholars

STATEMENT OF ROBERT A. MOSBACHER

Mr. MOSBACHER. Thank you, Mr. Chairman, and I, of course, want to thank Senators Bentsen and Gramm for their generous comments.

I would like to thank Senator Danforth and the distinguished members of this committee for giving me the opportunity to make a brief opening statement as you consider my nomination by President Bush to be Secretary of Commerce.

I am also appreciative of the committee's effort to schedule this hearing at this early date.

Mr. Chairman, in the period since my nomination I have sought the advice of experts within the Commerce Department and leading thinkers in the private sector about the diverse policy challenges facing our nation in areas such as America's research and development capabilities, and our competitiveness in international markets.

During this period, I have had an opportunity to learn a fair amount about the Commerce Department, its vast diversity and broad scope of activity. If I have come away with only one thought from these briefings, it is that the Department of Commerce is a great national resource and can make an even more significant contribution to helping turn many of the challenges facing our nation into opportunities for Americans in all their endeavors.

Mr. Chairman, I intend to keep my remarks brief, but I want the committee to have a clear picture of my objectives and priorities if I am confirmed as Commerce Secretary.

A central challenge facing the Department of Commerce is to support U.S. economic growth and international competitiveness. To meet this challenge, we must promote a better climate for increased U.S. exports, help American industry develop and apply new commercial technologies that will make us more competitive, and provide statistical data and information to meet the needs of the business and scientific communities.

Within these broad objectives my top priorities are to ensure that trade is a two-way street for American businesses by expanding overseas markets for U.S. goods and services, while vigorously enforcing our anti-dumping and countervailing duty laws; to support the expansion of new research and development and an increase in America's capability to transfer technological advances into product manufacturing; to operate a balanced export control program for our nation which safeguards and protects the national security while expanding opportunities for American exporters; to wholeheartedly support what must be a vigorous national effort to clean up our ocean and coastal environment; to ensure that the national Weather Service has the ability to provide accurate forecasts and timely warnings for public safety; and last, but not least, to ensure a fair and accurate census in 1990.

There are many other important missions facing the Commerce Department which, in order to keep my remarks brief, I have not listed. I will endeavor to the best of my ability to ensure that all of the components of the Department of Commerce fulfill their respective mandates and, in doing so, I will work closely with the Congress and, in particular, the members of this committee.

In closing, let me pledge to you, Mr. Chairman, and members of the committee, that I will work hard to meet the challenges facing our nation and, as an old sailor, keep the ship of Commerce in proper trim.

With that, I welcome your questions.

The CHAIRMAN. Very good, Mr. Mosbacher. Senator Bentsen, you are chairing another hearing, and I know you have to get over there. I want to yield to you.

Senator BENTSEN. Mr. Chairman, that's very generous of you.

Mr. Mosbacher, your predecessor, Bill Verity, and the Attorney General, Mr. Thornburgh, discussed trying to make this country more competitive by emulating what was done in SEMITEC.

I am particularly concerned about high temperature super conductivity and high-definition television, and trying to identify emerging industries where we have to be internationally competitive.

We see a situation where you have a consortium put together in Japan on high-definition television. The government there put in some of the seed money for research. And we also see the same type of thing being duplicated in Europe.

We know that an enormous market will be forthcoming, and we are talking about what could be done to encourage those kinds of consortiums among U.S. industries. SEMITEC is one such consortium, and it was really brought about as much by the Defense Department as anyone, but my concern is that we do more in the way of trying to assist, commercial applications. I would like to have your comments on it.

Mr. MOSBACHER. Senator Bentsen, I share with you the concern about our capabilities in the advanced high-tech areas and, frankly, our losing the advantages we started out with. As usual, you are, of course, right on target.

What we need to do, it seems to me, is to allow a greater degree of consortium and unified work where, as a start, the commercial and private sector can work together without any government interference and, perhaps in the case of international competition, that there should be some special allowance for consortiums, some of which has been put in the Omnibus Trade and Competitiveness Act of 1988, but which may have to be expanded.

In the briefings that I have had to date, it appears to me that high-definition television is specifically a high-priority item in which both the Japanese and perhaps the Europeans are moving well ahead of us in a very organized, cohesive way with the private sector and public sector working together.

These briefings have also indicated to me that, although it is very, very late in the game, it is not too late if we move quickly and together in both the legislative and the executive branches an,d if further studies bear this out, that we can get back in the game, that we should do it through consortiums, through cooperation, and need to move quickly and collectively in this way.

Senator BENTSEN. Would that mean that you would consider providing seed money from the federal government for some of the research at universities and in academia which might be working with such a consortium as we have done with SEMITEC?

Mr. MOSBACHER. We would certainly consider that, yes, Senator, and we would consider that as one of the many options. Certainly we should also consider whether there needs to be any further, work, either through the executive branch or legislation, to allow these companies to work together, not only in the development research but also, perhaps, actually in the manufacturing.

Because, particularly in HDTV, what I have been told is that it is not just another stage of television—another consumer good—but it's, maybe, the beginning of a whole new generation of electronic development. As someone explained it to me, it is really a very high-grade, highly-defined black box that happens to have a television screen in front of it.

Senator BENTSEN. As one who represents a state that is sometimes subjected to hurricanes, the Air Force tells me it is planning to transfer hurricane warning aircraft to NOAA sometime in FY 91. But, I understand that the staff at NOAA has not decided whether it can accept that responsibility for weather reconnaissance.

I am advised that the Air Force is now spending some $25 million each year to operate those aircraft, and that is triple what NOAA is now spending for this purpose. Moreover, these weather planes are old, would have to be replaced at the cost of $60, $70 billion. Can you tell me where we are in the shifting of responsibility for hurricane reconnaissance?

Mr. MOSBACHER. I am aware of the National Weather Service' moving in this direction, but I will get the specific status on this and get back to you. I am not up to date on how far this has gone.

Senator BENTSEN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much. Let me at this time welcome Senator Bryan, Senator Robb, and Senator Lott. I will take my time and will have five minutes and then yield to our next distinguished senior member. If I have it correctly here, the order of appearance will be Senators Burns, Kasten, Pressler, Inouye, Ford, Packwood, McCain, Bryan, Robb, and Lott.

Now, Mr. Mosbacher, what is your strategy as the Secretary of Commerce to eliminate our trade deficit?

Mr. MOSBACHER. Well, I think we must build our exports first and we must do this through many means, some of which have been started by outgoing Secretary Verity.

But the U.S. and Foreign Commercial Service is an area that, in my opinion, from my early briefings, can do much more to become more active, both in this country by working with the state organizations, which are also interested in exporting.

They can get out and make more calls, can better inform and educate particularly the small- and middle-sized businesses in their areas, and overseas can build the stature and, perhaps, even the morale of some of the foreign commercial service officers and attaches. It is an area that we think needs some building.

The CHAIRMAN. Specifically, going to Senator Bentsen's reference here to this high-definition television, there is no question that it should be a lead item for the Commerce Department rather than Defense, because it has far more commercial applications than Defense.

Now, we put $30 million in there because the leadership to was taken to do something on HDTV by the Department of Defense and not the Department of Commerce. Do you intend to take back that leadership and technology?

Mr. MOSBACHER. Yes, I do, Mr. Chairman. I expect that Commerce is uniquely qualified to bring together not only Defense but, where it is required, the help of the Attorney General, who already has shown an interest in this area, State, USTR, Treasury and departments to work together.

The CHAIRMAN. As you know, the last Congress created an Under Secretary for Technology. We remodeled our Bureau of Standards into an Institute of Standards and Technology. We authorized up to 12 regional technical centers for the transfer of technology into development and commerce, and we have already selected where to locate several of thes centers. Or I should say the National Research Council, Academy of Sciences on a merit basis. The Secretary chose three of them just last month, and that seems to be a good start. Do you already have in mind someone to become Under Secretary for Technology? Can you comment on this particular development within your department?

Mr. MOSBACHER. Well, I first of all agree that it is an extremely high priority, and also that we are talking to several people, looking for those persons who have the best background both in technology and also international trade, where that is possible, and some management capability. But the first requisite is absolutely top credentials and background in technology.

The CHAIRMAN. With respect to enforcement, we find that in the dumping cases you mentioned in your opening statement a so-called "related party" importing into the United States is given a 15 to 20 percent price advantage over American competitors by way of the Secretary's policy for administering of the Dumping Act.

In other words, if I am a related party selling goods that sell for $100 in Tokyo, I legally can charge because in calculating the $100 total cost I can add on my sales and promotional costs, costs whose recovery can be deferred until later. So I can really take over that American market share.

Will you look at this exporter's sales price offset? It sounds technical, I know, but it is real, because that is why we are losing market share, and you have it in your discretion to administer this the same as our competitors at the European Community and the other trading partners administer that particular item. Very important.

Mr. MOSBACHER. I will, and I will get back with you.

The CHAIRMAN. And also the matter of textiles—you have a textile trade office within the Department of Commerce.

We created it in 1981, when the EEC had a textile trade deficit of four-and-a-half billion and we had one of four-and-a-half billion. The EEC enforced their bilateral agreements on textiles and their four and a half billion deficit went down to one billion. We failed to enforce ours. Our textile deficit four and a half billion has gone up to $23.5 billion. Of our total trade deficit, $23.5 billion of it is just from textiles.

If we can look at transshipments and begin to regulate them, we would not need a textile bill. Commerce makes the 34 bilateral agreements. I wish you would look at that pretty closely, too.

Mr. MOSBACHER. I shall.

The CHAIRMAN. With respect to the matter of the NOAA, Senator Kerry, myself, and Senator Stevens, will look into ocens issues through our NOPS group after you select an administrator for the National Oceanic and Atmospheric Administration.

That whole oceans program has languished now for several years. Its original leadership came from Commerce, and I was delighted to hear in your opening statement and other prepared remarks and comments, that you are vitally interested in this area.

As soon as you can appoint a gentleman to NOAA, then we can begin our oversight hearings, and perhaps reinstitute our National Advisory Commission on Oceans and Atmosphere so that we can get some momentum. So that rather than tying up ships on the one hand and watching medical waste on the beaches on the other hand, we can have those ships out there administering the anti-dumping laws.

Will you comment on that, sir?

Mr. MOSBACHER. Mr. Chairman, I am very, very aware of the need for cleaning up the oceans. As you know, President Bush has made that an integral part of his campaign and feels very strongly about it.

I have discussed this with the NOAA people at Commerce. I am glad to report the polar satellites do a great deal to show the pollution, that they have been able to trace the red tide.

As you undoubtedly know, they can trace the Gulf Stream. They can do more and are getting their technology up to speed where they can trace much of this pollution. And it is a question of focusing on it now, reading it and analyzing it and working with the EPA, the Corps of Engineers, and the other branches to make sure that everything along these lines is enforced so the pollution can be diminished.

The CHAIRMAN. Thank you, Senator Danforth.

Senator DANFORTH. Mr. Mosbacher, last year Congress passed a major trade bill. It was designed to create a trade policy for our country. The thrust of the bill was its emphasis on reciprocity. In other words, we took the position in that legislation that the United States is open for business. We do not want to close our markets, but we insist that other countries must be open to what we produce in this country, and that if other countries do not open their markets, the only way to pry them open is to have a credible threat of retaliation against unfair trade practices.

To pass a bill is one thing. To have the bill implemented is quite another thing. I think all of us recognize when we passed that legislation that while we attempted to limit somewhat the total discretion of future administrations and trade policy, particularly their ability to do absolutely nothing, still there is a lot of latitude necessarily existing in the executive branch in dealing with other countries.

I would like you to give us your thoughts on the implementation of a policy of reciprocity and how you would function in the administration.

All decisions relating to economics and all decisions relating to trade that are made by any administration go through a process. There are cabinet councils that meet on these policies.

The Commerce Department is one of several departments that is present at the table, and I would like to find out what your viewpoint would be at that table with other officials of the administration relating to reciprocity and relating to enforcement of the 1988 Trade Act.

Mr. MOSBACHER. First, Senator, I would enforce the law regardless, but on top of that I happen to feel equally strongly that trade relations must be a two-way street and that, while we certainly do and have opened our nation to the goods of the world, we expect that to be reciprocated and, if it is not, I do not see that we have any course but to strongly, fairly, objectively, and totally enforce the bill that Congress in its wisdom has passed as the 1988 Omnibus Trade Act.

We see that the anti-dumping and the countervailing duty aspects are quite clear and must be enforced. I intend to have people in who understand these areas, andhave good legal backgrounds to help enforce this. And I will make sure that I instruct them to do so to the letter and the spirit of the law.

I also feel that we have an opportunity, by enforcing our laws to open up to a greater extent the rest of the world for our goods and services, and this we must push. As I answered the Chairman, I think there is an opportunity, along with the dollar being more competitive today and because of this bill you have passed, to make it truly a two-way street and, therefore, able to move forward.

Senator DANFORTH. I would like to direct your attention to the question of U.S. export controls. In 1987, the National Academy of Science reported that the estimated direct costs associated with U.S. export controls were over $9.3 billion. Indirect costs exceeded $17.1 billion, and there were approximately 188,000 jobs lost as a result.

My question to you concerns the position of the Commerce Department and the Secretary of Commerce with respect to export controls. There is a tradition in the Defense Department to take a very tough position.

Do you see the Secretary of Commerce as being an advocate generally for business? Obviously we do not want to export our technology to adversaries around the world, but there is a question of where to draw the line in these matters. How do you see your role with respect to export controls?

Mr. MOSBACHER. Well, in the broadest sense, yes, I see the Commerce Department and the Secretary of Commerce as an advocate for business and jobs and for the competitiveness of this country.

Specifically, I see that we need to define what, under export controls, would be under national security something we do not want to export, certainly, to the Eastern Bloc. I see that this should be defined and we should have someone knowledgeable who understands what is strategic and what is national security-sensitive and, of course, not export any of that.

We should then find ways to, along with the Defense Department and other departments, be able to define those questionable areas and further and come to conclusions more quickly as to what can be moved and given license. Everything that is not questionable should be given license or removed from the control list as soon as possible.

The CHAIRMAN. Very good. Senator Burns.

Senator BURNS. Thank you, Mr. Chairman.

Mr. Mosbacher, I have just a question here. How do you think that the Department of Commerce will interact with the office of the U.S. Trade Representative and, say, the Department of Agriculture?

I come from a state that has to depend a lot on exports—we are an exporting state—and I wonder if we do not get into a bureaucratic maze whenever we start formulating trade policy.I would like to know how you are going to interact with those two other offices.

Mr. Mosbacher. Senator, first of all I have to tell you that I asked one of our fellow designate cabinet officers that question and he said "Welcome to Washington." So, I will try and give you a more definitive answer.

Under the 1988 omnibus trade law and the previous legislation, there are certain areas that are definitely within the purview of the USTR. There are others that are in the purview of the State Department or in the Defense Department, but subject to those positions—and in the Secretary of Agriculture in certain areas. Subject to that, this department is in charge of making America competitive and expanding America's exports and representing business—and that obviously includes agribusiness—in helping build markets for this country.

Senator Burns. If you had it in your power to change one thing in the Department of Commerce that would in your estimation be the key to help small business to establish and survive—and I know you have probably given this some thought—what would it be? Just off the top of your head. I would be interested in knowing that.

Mr. Mosbacher. Senator, what I see is perhaps not so much a needing to change things or change the structure, change the setup as (the Commerce DEpartment)much as really being a catalyst in moving forward on some things that are already in place.

Our problem, at least from my early and partially knowledgeable vantage point, is that we need to exercise and move forward in the areas, for instance, as I said, the Foreign Commercial Service, U.S. Commercial Service, making us more competitive, getting a better dialogue going with the business community, and I am talking about small- and middle-sized business so that they know how to export and know how to be more competitive, and know more about competition.

Senator Burns. I have no more questions at this time, Mr. Chairman.

The Chairman. Thank you very much.

Senator Burns. Since I am the freshman senator here, I will try to stay within the five minutes.

Senator Ford. Do not worry. We will cut you off at the end of five minutes.

The Chairman. Senator Kasten.

Senator Kasten. Thank you.

Mr. Mosbacher, welcome. I just want to comment that it has been noted by some that because you have no experience in the government you might have problems in Washington, D.C. I think I would agree with what I understood both Lloyd Bentsen and Phil Gramm to say, and that is that I think it is probably an advantage—I would say an important advantage—that you do not have a whole record of working in the government here, but instead have a strong business career and strong civic and charitable activities.

I think that set of criteria on your resume is more important in your new job than government experience is. And so I applaud your selection. I look forward to your timely confirmation, to your being an active voice on behalf of the private sector within this cabinet, which clearly is going to be made up of a number of people with very strong and distinguished careers in public service. I think your private activities are going to be very helpful in the success of this new administration.

In 1986, Mr. Mosbacher, the Commerce Department negotiated machine tool voluntary restraint agreements under a national security directive that was issued at that time by the president, and the purpose of that was to assure a domestic source of supply of machine tools. The VRAs, as you know, were negotiated for five years, and the president determined the machine tool industry is vital to upholding our national security.

Now, under last year's trade bill, which you discussed with Senator Danforth and others, the Commerce and Treasury Departments were given the authority to enforce the machine tool VRAs. I strongly believe, and a number of other congressmen and senators believe, that although there has been a very substantial recovery by the machine tool industry, the full five-year maintenance of the VRAs is necessary to meet the national security objectives.

And, as I mentioned, I am not alone. There are a number of members of this committee and over 200 members of Congress that have written letters. During those last three years from '83 to '86, part of these decisions were delayed, and during that time, almost 25 percent of America's machine tool production capacity was moved offshore.

Do we have your commitment that the machine tool VRAs will be aggressively enforced and that they will continue over the full five-year period of time?

Mr. MOSBACHER. First, thank you for your kind comments, Senator Kasten.

We have, as I understand it, a law in place that effect, and I will certainly enforce them. But as I mentioned to Senator Burns, I think the enforcement, which I pledge will be vigorously pursued, is what we need in many areas. I do not think—just as you say, that we need so much new as perhaps we need to enforce what we already have.

Senator KASTEN. Thank you. We look forward to working with you. Both small business and large business in this country are currently struggling under a conflicting mishmash of 50 different sets of rules on product liability.

The White House Conference on Small Business last year listed product liability and tort law as the number one problem facing small business.

During the past eight years, the Secretaries of Commerce have joined with many of us in Congress and many of us on this committee in calling for a uniform product liability law. I make particular mention of Mac Baldrige's leadership in this area.

Can we count on your support for such an act?

Mr. MOSBACHER. I have just started looking into that, and we will complete our working with it. I have also learned and want, frankly, to get together with the Attorney General, who I think is also involved in this, and we will pursue it. It certainly is something, to the degree it precludes American business from being competitive, which hurts particularly small business.

I think it is something we need to look at very, very carefully.

Senator KASTEN. Mr. Secretary-designate, we look forward to working with you. It is a tough job, and it has been a controversial issue before the Congress. But I really think that working with you and the Justice Department and others, we might be able to make some progress on product liability this year.

Finally, there is a lot of talk about NOAA and how it relates to the oceans and to the borders of the United States. There is a lot of basic environmental science work of the nation that is done in NOAA, and that is important to all of us, even in the Midwest.

And some of us are also concerned about the management of the Great Lakes. As you may know, Congress authorized the creation of a Great Lakes research office within NOAA. We have not yet appropriated the funds.

Have you had a chance to review this issue, particularly the relationship of NOAA and the Great Lakes, and can you assure us that you intend to move forward and try to work with us?

Mr. MOSBACHER. Yes. I mentioned in discussion with the Chairman that I and President Bush feel so very strongly about fulfilling his promise and, of course, my predilection for the water, that not only the oceans but the Great Lakes will get great attention as far as pollution and cleanup.

Senator KASTEN. Mr. Chairman, I thank you, and I just want to say I hope our committee will move as quickly as possible in terms of working toward the confirmation of Secretary Mosbacher.

The CHAIRMAN. Thank you.

Senator Packwood.

Senator PACKWOOD. Thank you. I have to leave. I have a whole host of questions I could ask. I have a specific one I will give to your staff. It simply asks whether or not in a particular area you will obey the law and a simple yes or no answer will be sufficient.

The CHAIRMAN. That is a yes.

Senator Pressler.

Senator PRESSLER. Thank you very much, Mr. Chairman, and I want to welcome the nominee. I think we are lucky to be getting him in government service. I have met with him on some issues, and I look forward to working with him as Commerce Secretary.

Mr. Secretary-designate, let me ask you a question that I think is of national importance regarding the Landsat program. As you know, the Landsat program is funded. The funding for the archiving, the saving of the records, comes from NOAA which will fall under your jurisdiction.

An agreement has been reached to transfer the responsibility from Commerce to Interior for fiscal year 1990 for the archiving, which is done at the EROS Data Center, and so in the future, I will not be asking you for any more money in this area.

But the fact is, I am worried—and this is related to the warming of the earth issue—that the archiving and the records that have been acquired from the Landsat satellites will be lost unless we have a program to keep those records. And there has been much in the news lately about the warming of the earth and the need for further studies. In fact, the Reagan budget and the Bush budget—the Reagan budget which I presume is the Bush budget—has a considerable increase in funding in this area.

But in any event, the ongoing Landsat program will be allowed to cease this April. Now, as you know, the six-month level of funding appropriated by Congress for Landsat operations for fiscal year 1989 was based on the assumption that Landsats 4 and 5 would cease operating in the first half of this fiscal year. They continue to operate, however.

It is even possible that Landsat 5 will continue operating for the next couple of years until Landsat 6 is operational. There may be a gap.

NOAA has stretched the appropriation out to cover Landsat operations until April, but the satellites will then have to shut down. NOAA tells me that shutting them down is a permanent action, that there is no way to turn them on again. There are potentially years worth of valuable environmental information to be produced by these satellites.

In my opinion, it is essential that funding for Landsat operations continues as long as Landsats 4 and 5 function or until Landsat 6 is launched, but there is going to be a gap in time.

The Bush administration has committed itself to increased funding for the study of global change. Yet these satellites that are supplying the current information needed for studying the global change, which was in the Reagan budget, are in danger of being junked within three months. How do you plan to keep these satellites operating or do you plan to create a gap in our coverage of the earth's environment just as our global change effort is gearing up?

Mr. Mosbacher. Senator, at this time I will look into it further because I do not have a definitive answer. I know there has been some effort at privatization. To date, I do not believe it has met with success, but I think it is on-going.

I will also look, under the budget constraints, what the other alternatives are and will certainly let you know.

Senator Pressler. This is one of the subjects I discussed with you in my office. I might probe a bit more.

There is a very serious national problem here in terms of the gap between Landsats 4 and 5, if we shut them down, and the launching of Landsat 6 at the very moment we are talking about a study of global change, warming of the earth, rain forests and so forth.

It is very important that this information be archived, that it be saved, but also that we fill that gap. Do you have a general feel for that subject?

Mr. Mosbacher. Those who have briefed me said much of this data will be furnished by other satellites and other means, but we have not come to a conclusion on that.

Senator Pressler. There are those who say the data can be furnished by the French National Space Agency, which troubles me somewhat, with their spot MI system and so forth. Will you ensure that the EROS Data Center, as the United States land remote sensing archive, is a designated recipient of data from the spot system, if that is what we are going to depend on?

Mr. MOSBACHER. If that is our sole means of dependency. I will first of all look into it further, because the data I have received from our people do not indicate that it is the only way of getting these data. If it turns out to be that it is, we certainly want to do what we can to preserve it.

Senator PRESSLER. I would like to ask you to answer these questions. I will submit them in writing so you can expand upon your answers because I think this is a national concern, especially with the environmental issues we are having—the warming of the earth issue—I think we can save a lot of money. I think we need a policy, and only you can lead it in the administration; and I do want to continue to get your interest in this subject and have your leadership, because I think it is extremely important.

Let me ask you a question on the National Weather Service. On October 26, the "Washington Post" published a list of Weather Service offices slated to be closed because of a $25 million budget shortfall. Investigating the legitimacy of that list, I was told by the National Weather Service that the list was unofficial and incorrect.

In addition, I was assured that no Weather Service office scheduled to receive the next radar system would be closed, and that is a matter also of national importance in terms of the very environmental issues that I have just talked about.

I bring this up because one of the Weather Service stations in my state which is scheduled to receive that next radar was on that list. I am talking about the Aberdeen, South Dakota Weather Service office. Weather Service officials also have stated the closing of the Aberdeen office was groundless. It might seem a parochial issue, but it is very much a national issue, in terms of our Weather Service, because the same issue exists in other places.

Since this sort of talk, whether based on rumor or fact, surfaces on a regular basis in South Dakota, I am asking you to take this opportunity to reaffirm that the National Weather Service will not be closing any Weather Service offices which are slated to receive the next radar system.

Mr. MOSBACHER. I would certainly like to give you every reassurance I can. However, as you well know, I am just getting to the tip of the iceberg here. We are going to have to review this.

I have asked some of the same questions, partially because of our prior discussions. They have promised that they will, over the next several weeks, give me further briefings, but at this point I do not have a real handle on it so I cannot give a definitive answer.

Senator PRESSLER. I will submit the question for the record, but both of these questions relate very much to the environment. The next radar system, whether it is in South Dakota or wherever it is, is very much a part of what we have been hearing a lot of.

This committee is going to hold hearings in the science subcommittee. Other committees are holding hearings. If we have a gap in that information, it will be inconsistent with the Reagan budget's proposal submitted here for a substantial increase in that area.

I have other questions for the record, but those two questions, the Landsat issue and the storing of that data, particularly as it relates to the EROS Data Center, and the next radar system as it relates to our nation's Weather Service, are two questions that I think are of national importance. And I would ask, can we look forward to your vigorous national leadership in those two areas?

Mr. MOSBACHER. You certainly can, Senator. On the next generation radar, they have assured me that although less than 25 percent of those are in place today, that over the next two-and-a-half years, '91, no later than '92, they will all be in place. Now, that is what I have been told. How it relates to the closing is what I will get further information on.

Senator PRESSLER. Thank you very much. Mr. Chairman, I have some additional questions for the record. I thank the witness very much.

The CHAIRMAN. Thank you. Senator Inouye?

Senator INOUYE. Thank you very much, Mr. Chairman.

Yesterday I had the great privilege of meeting Mr. Mosbacher, and I will be voting for him. I think he will be a good, and possibly a great, Secretary of Commerce. I was impressed by his commitment to protecting our environment and our ocean, to ensuring an accurate census, and to ensuring accurate weather reporting.

However, if I may, I would like to spend the remainder of my time making a statement of frustration. It is not frustration aimed at the Republican administration, but both Republican and Democratic administrations.

Over the years, I have noted a bureaucratic reluctance to be aggressive; aggressive in support of American industry, and there seems to be some embarrassment to be pro-American. We often hear phrases like, "Let's not rock the boat." That what you are doing is protectionism.

And yet, if you look at the record—for example, cargo preference. Every country with a merchant fleet has a law on cargo preference, and it is only recently that we are able to finally convince our government that we should adopt this policy, and even at that, it is a limited one.

It is limited to this extent: for example, two years ago, we put out to bid the carriage of mail across the Atlantic to the lowest bidder. No other country does that, and the shipping company that is carrying our mail across the Atlantic is the Polish Steamship Company. One would assume that it is an American company, but it is not so.

You do not expect the British to carry their mail across the Atlantic by some other company. It is a British company that does that. The Russians have their ships to carry their mail, but not Americans.

We are involved in a multi-billion dollar foreign aid program. By law, 50 percent of our goods will be carried by foreign vessels. No country ever does that. In fact, this administration and the prior administration did its best to reduce that 50 percent to 25 percent.

Then we have the matter of the visitor industry: tourism. Every international economist will tell you that by the year 2000, the major moneymaker on this globe will be tourism. That is the big business. And yet last year, we had to fight to appropriate $13 million. That is all we appropriated.

We maintain only six overseas tourism offices. The Irish appropriated more money to be spent in the United States. They have more offices in the United States. The Canadians have over a dozen offices in the United States. The Russians have over six offices in the United States.

And attempts have been made to close up these overseas offices, and yet, as we discussed in our office yesterday, the benefit/cost ratio is 1:19. For every dollar we invest in overseas offices we get $19 back, and yet we want to close them up.

Then you have the area of federal assistance to research and development. Overall, we spend about 90 percent of our federal research money for military purposes and about 10 percent for the support of American industry. The opposite is true for our NATO allies and Japan. Japan spends less than 10 percent for military research and the rest for their industry.

I would hope that you would be aggressive and insist upon spending more federal funds for business research and get your share of that pie.

Finally, if I may suggest this. If my memory is correct, there are two countries remaining on this globe that still insist upon using the English standard of measurement—inches, feet, yards, mile. One country, I believe is, is Brunei. The second country is the United States of America. All other nations use the metric system, and I think this has become a negative on the part of our trade. I would hope that the Secretary of Commerce will be aggressive in insisting that the United States finally get into the metric family.

I am sorry I have to vent this statement of frustration, but it has continued year after year and all we have been able to succeed so far is to maintain the status quo. I hope you will be able to convince your bureaucrats to be less reluctant to be aggressive, and not be embarrassed to be pro-American.

Thank you.

The CHAIRMAN. The answer is, "yes."

Mr. MOSBACHER. Yes.

The CHAIRMAN. You have got an aggressive name—Buzz. You can start off with that. That is good. Thank you very, very much. Senator Inouye is right on target.

We are going to have to be more export-minded, but it is far more than that. We have got to be more aggressive and assertive. American privileges and American rights. More particularly, American law. We do not even enforce it; we disregard it.

And, you know, I asked you shortly after your nomination if you had come just to collect money, or to really administer? And I am convinced you are going to forget about money collection, and you are going to move on and be an aggressive Secretary of Commerce. And this is very, very important.

Senator Ford.

Senator FORD. Thank you very much, Mr. Chairman.

Mr. Secretary-Designee, first I appreciate your visit with me. I enjoyed it, and hopefully those type of meetings, where we can have the back and forth brainstorming sessions, will be helpful to both of us. I look forward to those meetings during your tenure.

I was willing to give Senator Inouye my five minutes, if he did not have enough time left. He was, I think, speaking for most of us.

I see these sort of things every day. In your answer to the Chairman Hollings, question as it related to the economic security of the United States, you said our first responsibility was to the defense of this country.

But I believe that the foundation of a strong national defense national security posture, is a healthy economy. Correct me if I am wrong in your view as an entrepreneur and large businessman in various and sundry fields.

Over the time I have been here in Washington, I have found the closing of plants, and I have found mergers. And in those mergers, I have seen a reduction in the various and sundry parts of each company. Yet I hear that we are up to 84 point something percent of our capacity. Mr. Secretary, do you know what our manufacturing capacity is today, compared to our manufacturing capacity a decade ago, ten years ago?

Mr. MOSBACHER. No sir, I do not.

Senator FORD. I think it might be well for all of us to look at that and see how much our capacity for production is today, compared to 1978. I do not believe we have the same ability to produce today that we did ten years ago. When we pound our chest and say, boy, we produced at 84 percent last month, well, 84 percent of what? Our ability now, or what we used to have?

So we can create all these jobs and increase exports, and get into that arena, are we really going to be back up to the same manufacturing capacity we were a few years ago? That would be one of my requests of you, if you would find out this information; to let us begin to look at what our capabilities are today compared to just a few years ago.

You have mentioned, and I think all of our colleagues have some parochial problems, and I want to tell you to me, it is not pork, it is beef.

But the closing of the Weather Stations bothers me considerably. Some of us in this room have been governors, and we have faced the devastating problems of tornadoes and other things. That early warning system is so important. Weather prediction is so important, and the system needs to be enhanced, not reduced.

We see that 135 Weather Stations to be closed, and two of them are in rural areas of my stateThose in Applachia bother me considerably. Am I correct that you are not certain, if new radar is going to a station, that station will not be closed, even though Senator Pressler's station was on the list? Do you have a firm knowledge of that?

Mr. MOSBACHER. No, I do not, Senator. Let me just briefly bring you up to date on what I am told. Part of it is very encouraging, too. The next generation radar has already performed one very positive task, and unfortunately versus an older generation radar, and you may be familiar.

In Colorado, they had the next-generation radar. They were able to trace and predict a tornado that would have taken many lives. In North Carolina they did not have that capability. They had the older radar, and it was a terrible disaster and cost many lives. So that part is very positive and those will all be in effect over the next two-and-a-half years, plus or minus.

The closing in this interim period is something that we are going to have to balance between the fiscal constraints and try and see where we can pull the budget from somewhere else.

As you know, you have heard from Mr. Darman and from the President. We do have the budgetary problem, but I particularly asked about this. Even in those areas where they are going to be closing, they are doing a training and certifying of observers to temporarily take over some of these particular jobs in the way of ceilings and visibilities. I do not have any further answer for you.

Senator FORD. Mr. Mosbacher, I find that you can go into any agency and there are well-qualified people to do the same thing in each one of the agencies, and that agency is short of engineers.

And they were short on engineers—well, you find engineers in every agency. You bring the engineers together and assign one engineer to a job, instead of sending five engineers out there. You may find that you have a sufficient number of engineers.

And I think if you look at the total organization you may find that to be true, the overlapping concerns that I have from one agency to the other within a department, and so I think you can move that.

I have a couple of other things that I wanted to talk about. I understand your position on VRAs. I want to get your opinion on the increased amount of foreign direct investment in the United States, and I will present those questions to you in writing and then you can respond to my questions at a later date.

Thank you, MR. Chairman.

The CHAIRMAN. Thank you, Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman, and welcome Mr. Mosbacher. I have had the privilege of knowing you since 1982, and I share the views of many of my colleagues that it is good, indeed encouraging, that we should be blessed with a Secretary of Commerce who has engaged in the free enterprise system in this country, who understands both the benefits of government regulation and laws as well as the damaging effects that they can have on our economy.

Mr. Mosbacher, I want to talk for a minute about a very important issue of technology transfer. As you know, in the past eight years there has been a struggle that has existed primarily between the Department of Defense and the Department of Commerce on what can be and what cannot be exported both to our allies and to our adversaries.

I see that situation being exacerbated by a new attitude throughout this country concerning who our adversaries are, the new relationship with the Soviet Union, et cetera. On many occasions in the past, because of these strong disagreements between DOD and the Department of Commerce, we have had a basic gridlock. Some technology that should have been exported to the benefit of American business has not been. Some that should never have fallen into the hands of our foreign competitors did so.

I believe one of the causes for this, as one who has leaned more towards being on the safe side of this kind of business, is that there have not been people within the Department of Commerce who understand national security issues. And perhaps in the Department of Defense there have not been enough people who understand international trade.

And I would hope that you would make a strong effort to make sensitive appointments in the export administration positions of people who have a strong national security background.

Could you comment, assure us of that?

Mr. MOSBACHER. Senator McCain, I feel the same way. I think I tried to state it earlier. I think those things which should not fall into strong competitors' hands should definitely be precluded from being shipped. I think we need to define those gray areas and we need to have someone there who can tell the difference, and in many cases, work with the Department of Defense on it. So, I will show you that we will work with someone like that.

Senator MCCAIN. I know the Secretary of Defense-designee, another fellow Texan.

By the way, he understands this issue quite well, and I would hope that we could have much better lines of communication between DOD and the Department of Commerce.

Let me switch to semiconductors for a moment if I could. First, to comment on what was brought up by our Chairman, this HDTV issue is one that has got to be addressed. We are about to lose that ball game. I know you understand the criticality of this issue, and I appreciated your very eloquent response.

On the issue of semiconductors, as you know, Mr. Mosbacher, there was a 301 case that was brought to fruition a few years ago resulting in tariffs being imposed on the Japanese. And among other purposes of this 301 case, including third country dumping of semiconductors—was the problem with access to Japanese markets for U.S. semiconductors.

We received all of the commitments and all the kind words and courtesy for which the Japanese have become so famous, and yet when you look at the percent of the Japanese market that is now held by U.S. semiconductors, it is less than it was four years ago.

It is a tough problem, but I would like to know how you think we can address it.

Mr. MOSBACHER. Not only do I think we have to find new ways to enter the market and get market access, but I think, frankly, we have to take a holistic approach—some people call it a linkage approach—and see to it that in those areas where we are not receiving fair access there will be reciprocity or words I often use, a two-way street.

In other words, we are not going to deal just with each one of these areas singularly. We are going to look at the entire access problem and the entire relationship in the trade area with any nation that is reluctant to give us access.

Senator McCain. I would also suggest that as the European community evolves, we are already seeing signs of blatant protectionism within that community which could pose, perhaps, a greater threat than the Japanese do at this time.

I think it is a very delicate situation but clearly one that needs to be seriously addressed if we are going to have the semiconductor industry, among others, remain viable in this country.

Mr. Mosbacher, is there anything that we should fear about the rate at which foreigners are buying into America?

Mr. Mosbacher. Well, it is certainly growing at a rapid rate. I have mixed emotions about it. I feel that, frankly, as long as we are allowed total access to buy into their economies and their countries and their companies, it is perhaps in the best spirit of free trade.

Here again, though, we do not really see a two-way street, and I think that needs to be taken into consideration as companies from other countries buy into our nation's business.

And, of course, in the area that hinges on national security, I think we need to carefully examine each one of these purchases to make sure it does not damage or diminish our national security or high technology on the cutting edge.

Senator McCain. I understand that the Japanese now own most of Hawaii.

Senator Inouye. One third.

The Chairman. Dan has the other two thirds.

Senator McCain. Thank you, Mr. Chairman. Again, welcome Mr. Mosbacher.

The Chairman. Senator Bryan.

Senator Bryan. Thank you very much, Mr. Chairman.

Mr. Mosbacher, I wanted to follow up on a point that was touched upon very briefly by Senator Inouye, and that is the role of a very small agency by federal standards, the U.S. Travel and Tourist Administration.

As you know, tourism and travel in this country contributes about $300 billion to our gross national product. It is the second largest employer in the private sector that generates about $36 billion in terms of tax revenue. I would like to ask you to share with the committee your view of the role of this agency in light of the difficulties we have had in the past in having support at the federal level for its continuance.

Mr. Mosbacher. That gives me an opportunity to answer you, Senator Bryan, and Senator Inouye at the same time. I totally agree that on a cost/benefit ratio this may be the best thing going in the government. As a matter of fact, I can say in the private sector, I have never made an investment that had as good a return.

I think it is absolutely essential that we use this travel and tourism area to bring in additional funds. As you well know, it is now well over $25 billion a year and growing, and we need for it to grow at a very high rate.

I think, although the budget is only $13.8 million, that money can be used as a multiplier by working as a catalyst with the private sector. I am personally aware as is that whole department from the Undersecretary of Travel and Tourism and on down, that this is a very high priority.

Senator BRYAN. In light of the rate of return that you are talking about, some $13 million, invested yielding about $25 billion in export earnings, are you prepared to advocate within the administration an expanded role in terms of fundings?

Mr. MOSBACHER. At this point I would have to look at it. I have already had one very, very brief session with Mr. Darman and his general recommended guideline is you have got to take it from somewhere else if you have got to do that, but we will have to look at the whole budget. I feel strongly it is certainly a high priority.

Senator BRYAN. Let me comment on a specific area. During the past year the USTTA offices abroad, for all intents and purposes were closed down for substantial periods of time in terms of walk-in visitor inquiries. Public telephone inquiry time was extremely limited.

I would like to ask your commitment at this time to take a look at this because nothing can be more counterproductive to generating interest than to have those offices unavailable for the public, both in terms of walk-in inquiry as well as public telephone inquiry.

Mr. MOSBACHER. I will do that, Senator.

Senator BRYAN. And finally, in those offices which the Department of Commerce has around the world, not USTTA offices as Senator Inouye indicated—we only have six of those I recall—it seems to me it is reasonable in those other offices that there be personnel that have some expertise, some background, some ability to assist in terms of this enormous cost-benefit ratio that both of us agree exists. I would like to make an inquiry as to whether you will check into that for us as well.

Mr. MOSBACHER. I certainly will.

Senator BRYAN. Thank you.

Now, if I could briefly shift my questions to two other areas. The previous administration was not supportive of the Economic Development Administration. As you know, that is one of the agencies within your portfolio, and I would like to ask you your position on, one, if you favor its continuance, and secondly, on what level you would support funding for it.

Mr. MOSBACHER. I do favor its continuance. I think it is a very strong way to help disadvantaged areas and disadvantaged people. I will have to defer as to the level of funding on the same grounds as travel and tourism.

Senator BRYAN. But you do believe it plays an appropriate role, and you support its continuance?

Mr. MOSBACHER. Yes, I do, Senator.

Senator BRYAN. Finally, to touch upon a point that Senator McCain raised in his colloquy with you, under what circumstances, if any, would you favor the limitation of foreign investment in this country?

Mr. MOSBACHER. Well, I would certainly favor the limitation to anything that could diminish our national security and would tend to expand that to anything that would also impinge on our ability to grow in the cutting edge of the advanced technology and anything that is strategic. In all those areas, I think we have to look very, very carefully on and frankly take a very jaundiced look.

Senator BRYAN. In your view does the Congress need to look at an expanded legislative framework and do you need to look at expanded regulatory authority in this area for your own department?

Mr. MOSBACHER. Well, my reaction at this time is that we need to make sure that we are moving through the proper steps that have already been legislated.

Senator BRYAN. Mr. Chairman, thank you very much.

The CHAIRMAN. Thank you very much.

Senator Robb.

Senator ROBB. Thank you, Mr. Chairman.

Mr. Secretary-designate, I too share the belief that many of my colleagues on this committee do. We are delighted to have you and look forward to working with you over the next few years.

Let me give you a chance to take on a couple of global questions. You have had several rather specific questions, and I have a question that I will acknowledge has a parochial flavor to it as my third question. But looking at the overall economic unification of Europe in 1992, it seems to me that it could be a tremendous opportunity for American business if we are prepared for it, and there are a lot of implications that fall into other areas.

Any thoughts on what the role of the Commerce Committee might be in preparing the United States economy, U.S. business, and the overall environment for the kind of changes that will take place, specifically the economic unification in Europe?

Mr. MOSBACHER. I agree with you, Senator. It should be a great opportunity for American business to have this market of 330 million people. In a more unified market_I think we have to be very careful that it remains an open market, and we have to be very careful that we keep up to date on the decisions they are making in this area and as soon after they make them as possible.

While they are negotiating the Europe 1992 treaty, it would be, of course, very nice if this committee and the Commerce Department could have some input, but if they prefer that we not, at least I would hope that we will be briefed on it as soon after the decisions are made as possible, so we may know how to react.

Senator ROBB. Thank you, sir. In the same general area, fostering industry cooperation in this country has already been a challenge, particularly when you look at the antitrust laws, and I am wondering if you have any thoughts about ways that we could advance our competitive position in the world economy without running afoul of some of the antitrust laws.

In travel around the world I have frequently found that U.S. companies feel that they are at a competitive disadvantage in making proposals or bids for large-scale projects. Cooperation in other countries is routine but our antitrust laws which are designed, of course, to prohibit the kind of exclusive activity or the depression of competition work to just the opposite effect in the U.S.

Are there any thoughts philosophically on the relationship between the two?

Mr. MOSBACHER. I have some mixed emotions I suspect, as you do, because we have thrived on it and I think we need to continue our competitive spirit in this country. I think we find that big business and small business can compete with each other. I find it in the business I used to be in the oil business where independents could and did compete with the majors.

But when we are talking about trying to keep competitively abreast worldwide, and because we are dealing with countries that work totally in synch with their business organizations, we may have to find a new approach, a new way for the public sector and the private sector to cooperate as well as allowing many aspects of the private sector to work together.

And to the degree it is contrary to present laws, perhaps it is something that this committee in Congress may want to look at.

Senator ROBB. Is there something that might involve an advocacy role in this area for you as Secretary of Commerce?

Mr. MOSBACHER. Yes. Although I do not have a laundry list with me now, I do feel that way about HDTV, the high-definition television. This is an area that if we are going to get back into being competitive, we are going to have to play catch-up ball. It may require some exemptions.

If we find at least in our view it does, we will be back, and so advise and consult with you.

Senator ROBB. One final question, Mr. Secretary-designate, and this is where I will acknowledge—I will not leave you in suspense as to whether or not I have a particular facility in the state. It has to do with the commercial exploration of space and some of the possibilities that are available.

There are three states that currently have the capacity to launch commercial satellites or commercial activities in that arena, Florida, California, and Virginia, and so I acknowledge up front that there is more than passing general interest in this question.

I am wondering, though, what the role of the Commerce might in encouraging private sector ventures in outer space, particularly in telecommunications or other areas where the national space program and its backlog has created some difficulties in a commercial sense. What might the role of the Commerce Department might be in promoting that activity. And, again, I acknowledge my own parochial bias.

Mr. MOSBACHER. Well, what I have learned in briefings is that Commerce would like to work further in this area, would like to do what they can to enhance the commercialization of space and particularly get more bidding into the GOES and other satellites that are now put up by NASA for Commerce because I think we have to be very careful of costs. I think obviously when you get competition, if you get the job done that way, it usually can be very cost-conscious.

Senator ROBB. Mr. Secretary, I would be pleased in the spring to take you on a brief tour of Wallops Island and some of its facilities as well as NASA Langley so that we could both become more familiar with those opportunities.

Mr. Chairman, I thank you.

The CHAIRMAN. Thank you.

Senator Lott.

Senator LOTT. Thank you. First, I would like to thank you for the opportunity to serve on this committee. I look forward to working with you as the distinguished chairman and with the members of the committee on this wide range of jurisdiction.

The CHAIRMAN. We welcome you, and we look forward to working with you.

Senator LOTT. I, too, would like to join my colleagues on the committee in welcoming you here and congratulate you on your selection as the Secretary-designate of the Department of Commerce. I agree with my colleague from Wisconsin that I think it is very healthy and very important that we have a man with your background that has been successful in business and commerce, in a variety of areas. I think you will bring a breath of fresh air and dynamic leadership to the Department of Commerce, and I am looking forward very much to working with you as a member of this committee.

Mr. MOSBACHER. Thank you, Senator, very much.

Senator LOTT. I will submit some questions to you that I would like for you to respond to in writing. I will have a couple of them in the textiles area, I will have one also in the tourism area, and perhaps some others.

Now, I would like to make just a few comments before I ask you a couple of questions. I, too, am very much interested in the so-called hurricane hunters program. I live in a hurricane-prone area on the Mississippi Gulf coast, but it is something that we all experience in the Gulf and on the Atlantic and in the Pacific, too.

These hurricane hunters do an outstanding job. Quite honestly, we have had serious problems with the Air Force in recent years of wanting to shut them down completely. There is a need for these hunters to penetrate these hurricanes and find out exactly what is happening with hurricanes.

Now there is talk about shifting them to NOAA. I believe it was Senator Bentsen from Texas that asked about this particular question. I, too, would like to get information from you about what you expect to happen in that area, if such a move is actually going to be contemplated or recommended by the administration, and what you would do to make sure that we maintain the capability of these hurricane hunter aircraft that are so vital to us in the Gulf region and other regions that are hurricane-prone. So, if I could get that information from you.

Mr. MOSBACHER. Yes. Senator Lott, as you know, we share living on the Gulf Coast, and we have both seen the devastation that hurricanes can cause. I frankly have not heard anything where Commerce would do anything to diminish the capability of checking and following these hurricanes, and I will get back to you with more specificity on that.

Senator LOTT. I appreciate that. I do want to make the point that I feel very strongly. You cannot do it with just computers and satellites. You need the experience that you can get from a hurricane hunter inside those hurricanes.

One other area of comment, I do think there is more that can be done by your department in the trade area. It is true that American industry and small business can compete, and I believe will compete more aggressively in years to come, but it must be on a fair basis, and I do think the department can be more aggressive than it has been in recent years in the antidumping and countervailing duty law enforcement.

Some of that has been done, and I acknowledge that. But I hope that you will not be hesitant to make use of those laws where American business and industry has been unfairly dumped on or where there are other ways in which our industry is being disadvantaged by our trading partners, and I put it in that positive sense.

I am particularly interested in fisheries, and I am somewhat surprised there has not been more emphasis here this morning on the fisheries area. I sometimes think NOAA gets too caught up in the atmospheric area and not enough in the oceans area.

But fisheries are a tremendous natural national resource, and if we want to do something about export balance, I think we can do a lot more in the fisheries area. I wish that you would make it a point to familiarize yourself as much as possible with the National Marine Fisheries, see what we can do to further develop that area, and look at marketing and export possibilities.

I realize in fisheries, whether it is in the Northeast, Northwest or in the Gulf, you have got to have a balance. We have got to pay attention to the environmental impact and conservation of resources and sports fisheries, but also commercial fisheries.

And I would just like to get your comments on the importance of fisheries in general, how do you balance the demands that we have on fisheries, and how are we going to better utilize the opportunities that we have in fisheries with leadership from the Department of Commerce?

Mr. MOSBACHER. Senator, first of all, I agree that you have hit maybe the key word and that is a balance among the interests. Certainly the commercial fishermen are a very important part of our business base. Sports fishermen, including probably a lot of people in this room, including you and me, I think, are very interested. And to an industry, it is an important aspect that, of course, there must be conservation so that we do not run out of fish in either case.

So, balance, yes. Interest, absolutely. We have a strong interest in building all these areas. Our president, too, is a fisherman, and I can assure you, it will get our attention.

Senator LOTT. Well, I must confess I worry about the kind of fishing that you and I and the president might do. I live on the Gulf. Every morning I get up, I look out at the Gulf. And when I go to Horn Island, I love the beauty of it and I might cast a couple of times out in the Gulf, but I am doing it strictly for recreation and entertainment. I am worried about people that do it for a living.

The National Marine Fisheries is not in the Department of Interior. It is in the Department of Commerce, and I think we need to look at other resources that we can develop. Butterfish, an industry, that did not even exist in the Gulf of Mexico just a couple of years ago, now has moved into a multi-million dollar industry because we had a resource there that we were not making use of.

So, I do want to emphasize to you that I hope you will look at the commercial fisheries, how we can help them with their problems, not to the disadvantage of the others, but also look at it in terms of what we can do with greater export. Do not let fisheries get lost in your big department, please, sir.

Mr. MOSBACHER. Thank you, sir.

Senator LOTT. I yield the balance of my time.

The CHAIRMAN. Thank you.

Senator Stevens.

Senator STEVENS. Thank you. It is good to see an old friend for many years here. When I came in, I asked Senator Kasten if Georgette was here, and he said no, she was not here because your people want this reported in the business not the style section.

We appreciate the fact that you have taken on this job. I do not want to seem too redundant to my good friend here from Louisiana, but I too am interested in fishing. We have got more people interested in fishing this year, I think, than any time before. You are going to have some pressure from us concerning what is going on in terms of the National Marine Fisheries Service.

I would like to invite you to come out to the Aleutian Chain. Have you ever been out there?

Mr. MOSBACHER. No, I never have.

Senator LOTT. I have not either, Senator Stevens.

Senator STEVENS. I think we ought to invite the whole committee to go out there. They think about going to Alaska and they think they are in Alaska when they get out in Anchorage. But you can go 2,000 miles west of Anchorage and go to Dutch Harbor, for instance, the largest fish landing port in the United States now, to the sadness of the people from Louisiana.

I know it is difficult to talk to a Texan about the size of Alaska, but I do believe we have got to get an increased commitment to the meaning of this fishery.

I was told the other day that if we had one fish patty in each school lunch per week, it would take a billion pounds of product. We are exporting—and I hear my friends talking about exporting—we are exporting mainly our fisheries because of the antiquated transportation and distribution system within our country in terms of dealing with this product, which requires a distribution of a fresh product. It is a very interesting thing.

I think that there is more to be learned, really, in some of these fisheries areas than people believe, and I would like to join my friend from Louisiana and say, Mr. Chairman, let us put together a trip in conjunction with the new head of National Marine Fisheries and the Secretary of Commerce and some of the people on this committee and go take a look at some of these places and try to understand some of the problems they have.

Dutch Harbor is trying to develop the most dynamic community in the United States today, and it cannot get around some of the old World War II buildings because they have asbestos in them, and they cannot tear them down.

Out beyond that we have Adak. All the way out to the end of the chain, you are a thousand miles west of Australia. Most people just cannot comprehend the scope of our fisheries area. I really believe it is staggering—did I say Louisiana twice for you, old friend? And it is Mississippi.

Senator LOTT. We all look the same down there.

Senator STEVENS. Thank you very much for that correction. You are amazingly generous not to jump on me on that.

Let me ask you two specific questions. One is regarding ocean pollution. You have already mentioned that. Probably the worst fear that we have in the fishing area is that we cannot contain the pollution that is starting to come into our fishing areas. The Sea of Japan was destroyed by pollution from Japan as far as the fishing area is concerned, and we have not been able to conquer ours.

In your briefing have they discussed with you that the Ocean Dumping Act, Marpol, in terms of pollution from ships at sea, that drift net legislation that was passed last Congress? All of these are in your department for your administration, and they have not really been implemented yet. Are you aware of that?

Mr. MOSBACHER. They have just touched on that, Senator, and they have also talked about the new methods of discerning and discovering pollution and how, with the EPA and Corps of Engineers, can move to expedite and focus on this.

Senator STEVENS. In the north Pacific we have marauding nets that have been cut loose from foreign fishing trawlers, some up to 20, 30, 40 miles in length that are plastic. We passed a bill to authorize a bounty system to people to bring those nets ashore so they can be destroyed. They currently entangle sea birds, ocean mammals, schools of fish, and they are really the death marauders of the north Pacific. We have yet to see any implementation out of NOAA and the National Marine Fisheries on that.

It costs money. I am ready to admit that it is going to be an expensive proposition. But I believe that unless we get on top of this ocean pollution, we may lose these fisheries before we even have a chance to understand what we might do to help them expand. And I would urge you to look into that because I think it ties in with what the president said concerning trying to assist in these multinational areas as far as environmental protection and restoration is concerned.

Secondly or lastly I should say, I am, as the rest of the members here have expressed too, concerned about the thrust of your department as far as export promotion, and I am not going to ask you any questions about it, but I do not think anyone is more interested in the implementation of what is going to happen now under the Canadian free trade agreement than Alaska is and Alaskans in general.

I would hope that you have a real commitment to see to it that that new relationship with our Canadian neighbors, Alaskans' southern neighbors, really comes into the period of enforcement and viability, as it should, because that agreement could lead the world, really, in a whole new direction if it is implemented properly. I would be pleased to work with you in any way.

Thank you, Mr. Chairman.

The Chairman. Thank you very much.

Senator Rockefeller.

Senator Rockefeller. Thank you.

Mr. Mosbacher, you and I have had a chance to talk, and I was very pleased with our conversation.

Let me go over several things fairly quickly with you, if I might.

With respect to the voluntary restraint agreements, I am chairman of the Senate Steel Caucus—there are about 42 members—Senator Kasten asked you a question, appeared to be satisfied with your answer. I was not sure of your answer, so I would like to ask it again.

My understanding is that you do support the extension of the VRAs as recommended by President Bush.

Mr. Mosbacher. That is correct, Senator.

Senator Rockefeller. And then could I also ask whether or not you would have an open mind as to the specifics within that extension, and I am referring to the of the extension. I would simply ask whether you would keep an open mind as this matter develops.

Mr. Mosbacher. Yes, I shall certainly do that.

Senator Rockefeller. Thank you very much. I appreciate everything that has been said about tourism by various members here. We discussed that earlier and I understood from our conversation your commitment to USTTA, and I am very pleased by that.

The U.S. Foreign Commercial Service has been mentioned by Senator Hollings and others. Senator Stevens just talked about the need to encourage exports. That is clear.

Many of the small and medium-sized businesses in this country do not know that they can export. One of the ways of letting them know that they can is something called the CIMS System—the Commercial Information Management System. It is an enormous computer system within the Department of Commerce which links not only overseas offices, but state offices, your offices into an enormous network of information about what trade and export possibilities are imminently available. It is kind of an instant information.

GAO came out with a report yesterday saying if CIMS goes along its present path, it is just money down a dark hole. I would ask Mr. Mosbacher whether or not you would be very aggressive in trying to take hold of the CIMS problem as it directly relates to the knowledge that people need to have before they want to export. Take a hold of the CIMS system and try and get it resolved as fast as you can.

Mr. MOSBACHER. Senator, I certainly will. I have just seen a brief synopsis of the GAO report, but I think it states too that it needs top management attention, and I can assure you it will get it. We will try to cure it or do something to make it viable or whatever it takes, maybe privatizing it, maybe doing it within the department. But we will work on it immediately.

Senator ROCKEFELLER. To make it work.

Mr. MOSBACHER. Yes, sir.

Senator ROCKEFELLER. Thank you, sir. I understand and am not necessarily resistant to political appointees at the sub-cabinet level. Sometimes, however, that can come back to hurt. Now, I am not trying to make any aspersions upon any individuals, on their integrity, their sincerity, etcetera, but the International Trade Administration within your department is incredibly important.

We have a history in the Department of Commerce of having, political appointees who come and go, let us say, within a period of a year and a half, two years. But they are up against Koreans, Japanese, Taiwanese, European Economic Community members who have made a lifetime out of negotiating, and they are getting their socks cleaned.

I would hope that the appointment of the new hear of ITA would be something that you would not only interest yourself in and fight for, but try and get a first class experienced negotiator if possible. Would you be willing to do that?

Mr. MOSBACHER. Yes, I certainly will, Senator Rockefeller, and I feel the same way you do. Continuity and real expertise in this area has been something we probably have not had foremost in our minds.

Senator ROCKEFELLER. Not many people pay attention to the area of patents. That comes under your jurisdiction. Our U.S. Patent Office is very good, and I told you that in our meeting. I think we do a very good job. Your department does a very good job.

However, the Japanese do a better job; that is, in the slowing of the processing of patents. I am not sure that they do it deliberately, but I am not prepared to believe that they do not.

The effect, however, is that you have to persist for seven, eight, nine, ten years in order to get a U.S. technology license in Japan. And because most companies are not big enough to afford the lawyers to wait that long, the effect is that the Japanese patent office simply wears them down through delays and through a variety of other procedures. So eventually the U.S. business says okay, okay, okay, I will give you *our technology if you will give me the patent.* That is one of the ways that over the last 30 years the Japanese have managed to get a lot of our technology—by wearing down those who have technology and then using what they call cross-licensing; that is, exchanging a patent for a technology.

There are meetings that your people are carrying on, and I am saying your people because I, along I think with others, are going to vote for your confirmation. The next meeting comes in March. There is a variety of bilateral, trilateral fora currently underway. I would hope that you would be tough and that you would instruct your people to be tough in working with the Japanese patent office to try and work out those problems.

Mr. MOSBACHER. We certainly will, and I hope we can use also the holistic or linking together a lot of different areas when we discuss that with them.

Senator ROCKEFELLER. My time is up, Mr. Chairman. Might I inquire if I could ask a few more questions on a second round?

The CHAIRMAN. Very definitely.

Senator ROCKEFELLER. I thank the Chairman.

The CHAIRMAN. Senator Gorton, glad to see you.

Senator GORTON. As I was saying when I was so rudely interrupted, it is nice to be back.

Mr. Secretary-designate, I welcome you to this meeting and thank you for our friendly and productive conversation of last week.

In my questions I wish to start with the subject that occupied both Senator Lott and Senator Stevens, the subject of fisheries, with a couple of fairly specific questions.

One involves what is known colloquially, at least on the West Coast, as the doughnut hole, the international water between the United States and the Soviet fishing zones south of Alaska.

We have two kinds of problems in connection with that doughnut hole: first, foreign vessels which are now using it legally but which can very easily move out of it into our reserved waters and take fish almost free of chance of being caught, and then secondly, the use of the doughnut hole itself for the illegal interception of salmon bound for U.S. or Canadian waters.

Have you been informed of the challenges with relationship to that doughnut hole, the negotiations with the Soviet Union? And have you begun to formulate a position on what you think we should do about it?

Mr. MOSBACHER. Senator, I have just been briefed quickly on that. I really need more work on it before I can give you any sort of an informed opinion.

Senator GORTON. Do I have your commitment that you will look into that matter seriously and come up with a position for us?

Mr. MOSBACHER. Yes, I shall.

Senator GORTON. Secondly, both Senator Stevens and Senator Lott spoke to you about their concerns with the National Marine Fisheries Service. Rather, specifically, the budget which President Reagan left with us has reduced the request for that service from $167 million to $99 million, almost cut in half.

Obviously, dealing with the kind of questions that Senator Stevens asked you about would be very, very difficult under those circumstances. Can I get your commitment at least seriously to reexamine that area of priority, and hope to have a somewhat stronger support for NMFS?

Mr. MOSBACHER. Yes, I would be glad to do that. As we look at this entire budget, we will do some reapportionment within it, and I will keep that in mind, yes, sir.

Senator GORTON. Finally, will you, as Secretary of Commerce, support strongly the national standards which are contained within the Magnussen Fishery Conservation and Management Act to ensure that fishermen from all states have equal opportunities to share in areas managed by the Fishery's management councils?

Mr. MOSBACHER. As I understand, that is the present law.

Senator GORTON. That is the law.

Mr. MOSBACHER. Yes, sir.

Senator GORTON. Yesterday's paper notified us once again of the end of the life of the GOES 6 weather satellite. We were back as we were a few years ago to one such satellite operating over the United States.

Can you describe the plans of the department and of NOAA for continuing to provide weather information to the western United States, and what plans you might have, or might be thinking of, with respect to a replacement satellite?

Mr. MOSBACHER. Yes. First, moving the GOES satellite, the GOES 7, so that it would focus to a greater degree on the western part of the U.S. would alleviate the problem to some degree, particularly focussing that way during the winter storms coming out of the northwest.

Secondly, we will get some help from the Japanese satellite and the European/French satellite to improve our weather observation.

And finally—this is all in the short-term—finally, we have got weather buoys that are set up to help in weather observations on the West coast out to Hawaii. In the longer term, of course, they must and will be replaced.

I asked the question as to how soon GOES 6, the geostationary satellite, could be replaced, and the answer that came to me was July 1990, and that, regardless of budget, even if you increase the budget it would not move it up appreciably.

Senator GORTON. I am concerned that at least we aim for the July 1990 date, to the extent that it is possible to do so.

Mr. MOSBACHER. So I have been told, and I will continue to keep pressure on it to make sure, to the degree that I can, that it is not postponed.

Senator GORTON. Thank you. Now, on another whole other subject matter area, back to trade, and to a very specific trade question. As you know, one of the longest and most difficult set of negotiations between the United States and the European governments is concerned with the subsidizing of those government-owned companies which are joined together in Airbus.

Efforts to this point to reach a negotiated resolution of the issue have simply not been successful, and I would like to know what your department—what this administration—might propose to do to solve that subsidization problem?

Mr. MOSBACHER. I have asked that question in the department because my first reaction was there would be some help under the countervailing duty provisions. There seemed to be some question as to whether it was applicable, but certainly we will pursue that and try to find a method, and should find a method, to make sure that we have some way to level the playing field there.

Senator GORTON. Obviously, this is one of the areas in which we do produce tremendous, literally billions of dollars in exports, and I hope that it will be a very high priority of your department to try to assure that we are competitive in that respect.

Mr. MOSBACHER. Yes. I have already asked them to come back with some alternatives, and we will stay on top of it.

Senator GORTON. In that connection, are you familiar with the Gelman Report?

Mr. MOSBACHER. No, I am not, Senator.

Senator GORTON. It is a study which the Commerce Department has sponsored of those Airbus subsidies, and U.S. industry has requested that it be published, but the previous administration has refused to do so.

I would like your commitment to look into why it is that it has not been published. If there are certain trade secrets involved in it, then maybe we can at least get a sanitized version. But it seems to me that the public should have right to see that report, what its conclusions are and what help it can provide in solving this problem. Would you look into that?

Mr. MOSBACHER. I certainly will. It has been held confidential. I have not seen anything on it either.

Senator GORTON. Thank you. Finally, one last comment. This senator at least would appreciate very much your willingness to consult with him with respect to your appointment of a new administrator for NOAA.

Mr. MOSBACHER. I will do that.

Senator GORTON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Senator Exon.

Senator EXON. Thank you very much.

Mr. Mosbacher, I want to welcome you here and tell you as a member of this committee that I intend to enthusiastically back you for the position that the President has recommended you for. We want to work closely with you.

I just hope, with the feeling of goodwill toward you that obviously is around this table this morning, that you will remember it in the months and years to come. We will want to get in touch with you about some things.

I think you will find this committee and its members not wanting to bother you with every little detail, but when members of the committee do call you, as you will find out, it will be a matter of utmost importance to the individual member and his constituents. I hope that you will be as forthcoming and as accessible as your predecessors have been in that particular office.

You come as a man of entrepreneurial experience. I like that. I like your approach to things, and as successful as you have been indicates to me that you must be a pretty open person to communications. If we can communicate we are going to be able to work better towards what is best for the nation as a whole, and I would encourage you to carry on the openness of your predecessors.

Let me get into two or three things. Mr. Mosbacher, I do not know whether you are familiar with it or not, but as part of the Trade Bill this senator authored a so-called barter office that is a part of the Commerce Department right now.

I have long felt exploration of barter would help us trade-wise, especially with some of the eastern bloc countries that are short on cash. I am wondering how you view the use of barter to improve particularly agricultural products, in some of the overseas markets?

Mr. MOSBACHER. I think it is certainly a very good alternative to cash if it can be measured so that we are looking at things on the same general economic level. As long as it does not hurt us from any kind of dumping aspect, I understand and think that it makes a lot of sense, yes, sir.

Senator EXON. I would think the proposition of barter would be a step away from dumping, because when you barter for things, it is assumed that you are bartering on basically an equal basis, but I am glad to see that you embrace the concept of barter.

Let us move on to another matter with regard to national security. I do not know whether you have been able to familiarize yourself with the so-called Exon/Florio Amendment that came out of this committee.

It has to do with giving the President of the United States the authority to intervene and stop foreign takeovers of corporations, businesses, and plants by foreigners if the national security interests of the United States would be adversely affected.

I would like to ask if you would hesitate whatsoever with regard to intervening if you felt the national security interests of the United States would be adversely affected by any overseas grab for control in technology that would adversely affect our national defense?

Mr. MOSBACHER. Not for a moment, Senator. Not for a moment.

Senator EXON. There have been several questions asked you about fisheries. We do not have any salt water fishery problems in Nebraska, so I will not bother you with those in any great detail, but we do have something that is of parochial interest to us, and that is the Weather Service.

One of the first things that Thomas Jefferson did as President of the United States was establish the Weather Service and we have had one ever since.

There has been some talk about privatizating the Weather Service. This is particularly disturbing to those of us in the Great Plains, because the Weather Reporting Service has been excellently run over the years. It has saved lots of lives by forecasting some of those vicious storms that we have in the central part of the country.

What is your idea, and what assurances can you give us, if we do privatize, much would our section of the United States be affected?

Mr. MOSBACHER. I have never seen seriously considered privatization of the basic National Weather Service. In some areas, they will do additional detail work for one industry or another but, as opposed to privatizing, with the next-generation radar, we are continuing to build the capability, at least that is what I am told. That is what I hope is going to be the result of our National Weather Service.

Senator EXON. Thank you. I will be in touch with you on that, and I hope that you will be listening to us. Sometimes what the bureaucrats decide is the best and cheapest way may not be the best way in the long run, and I hope you will give us your ear and good judgment on that.

My final question has to do with a statement that President Bush once made, which indicated that he may be interested in exploring a free trade agreement that would include Mexico, not unlike the free trade agreement that we originally approved with Canada.

What is your view on this, and do you think that the Bush administration will be pushing aggressively ahead to negotiate a free trade agreement with Mexico, and if so, how would you view that?

Mr. MOSBACHER. Well, ideally I think it would be good to move in that direction, but when I see the difficulty we have had executing one with Canada, which shares a greater amount of socioeconomic background, I realize that Mexico has many other problems, not only in the trade area, but in trademark and patent areas, and there will be many hurdles to get over. I think it is good to move in that direction, but I do not see anything being completed short term.

Senator EXON. Thank you, Mr. Mosbacher. Thank you, Mr. Chairman. We look forward to working with you after you are approved as the new Secretary of Commerce.

The CHAIRMAN. Thank you, Senator. Mr. Mosbacher, our colleague from Mississippi commented that no one had yet mentioned fisheries. The fact is, you have got not only fisheries but a lot of other things—in fact, one half of your budget has not been mentioned by 21 senators, or 20 senators, on this committee, and that is the census.

You have a $3 billion dollar budget, and $1.5 billion, if you look at it—and I will get you a copy later as Chairman of the Appropriations Subcommittee handling Commerce—is the census itself. There also are a lot of other things that should be really be inquired upon, and we will deliver written questions to you.

But I hope in my little time here that you can sum up in your mind the restlessness and frustration of us, who have been in the game for quite a while. All senators—when Senator Exon mentioned aggressive he was the number 11—the eleventh senator that mentioned aggressive. Three said, be tough. Two wanted a first-class negotiator.

What has really occurred is that Commerce has taken on a very, very, very significant post. Now, when I first came to the Senate, all Secretaries of Commerce did was collect money. I say that to you, because we might as well get it out on top of the table. The first appointment in the beginning of the government was the Postmaster General, and that was to be the best friend to take care of all the postal appointees. Then some 25 or 30 years ago it would be the Secretary of Commerce and he would collect money so the other fellows could run for reelection, and you and I have talked that out. Now you have gone into production.

There is an old story about the plane in the storm, and the lady there pitching and tossing who sees a minister. She admonishes the minister, can you not do something about this? And he says, lady, I am in sales, not in production.

When you answered, "export," I have heard that so often. Man, I put in every resource you can think of to help us to export. We put in the World Information, Trade Sysetm but Barron's magazine and some of the others—Dun & Bradstreet opposed us because they were selling similar information for profit. We have given help to private business and to small businesses. We put in offices, we put in Commerce Department people over in my state in different offices to help, help, help.

But the truth of the matter is that we do have a trade war and the comparative advantage is government, and that is you and me. We have been the derelict ones. The most productive industrial worker in the world, still, is the United States industrial worker. The most aggressive, competitive administrator or executive is the American business executive.

I see this as a governor who attracted industry and never did lose any until about six or seven years ago. Now, because the market has become international, I go home and from time to time businesses I brought in call thanking me for all the help and all that, but they are going down to Mexico, or they are going to Indonesia or to Taiwan. We never had that before.

Now mind you, me, I have business expansion. I have got all the training coming out of my ears, I do not need any more training and that kind of thing. But I need my government, namely the Department of Commerce, on my side.

We started a trade war back in the very early days, not just Jefferson with the Weather Service, but even back with Hamilton. Britain, France, said look, you in America trade with us what you produce best, taking advantage of your comparative advantage and we will trade back with you what we produce best and there will be no tariffs. There will be no barriers.

And Alexander Hamilton, in a little booklet, "Report on Manufactures," said, bug off. He said, we are not going to remain your colony, and the very first bill that passed the National Congress on July 4th, 1789, authored by Jefferson, Hamilton and Madison, was a tariff bill of 50 percent on 70 articles.

I will not take my time to go down the entire litany. We used tarriffs up to Eisenhower with an oil import fee and quota system in 1955, so we have used our government agressively. In recent years we have used our government generally to build up a magnificent standard of living which cost us production.

You know, we politicians say you have got to get more productive, get more productive, get more productive; but the truth of the matter is I invade the free market with a minimum wage, unemployment, Social Security, clean air, clean water, safe working place, safe machinery, parental leave, double breasted, and plant closing notices. Business and I have got regulations coming out of our ears.

Every time we meet, I vote aye, and we heap more regulations on that on manufactures, whereas the Japanese and the Pacific rim countries have used their government for market share, and I have got the list over there as to what to take over. We have not been using our government to produce and help us protect production or technology.

Senator Rockefeller, there is no reason to stay in America when I can go off-shore and produce that technology, guaranteed a profit, and do not have to worry about any of these requirements, and in essence what has happened is the result of a lack of a trade policy. It is a lack of protection for this wonderful standard of living.

It pays me to go and produce off-shore. In other words, we have got an affirmative action policy to make for production off-shore and lose our technology.

Now, I got with Bill Verity, your predecessor, and he could see it. He had been in business, like you. And so we had resolved—to get Commerce into production. We have got even more technology backed up in the Bureau of Standards that has never been commercialized.

The Japanese are over there every week, copying it, taking it back, trying to buy out the patents and everything else. Now, in turn, we have made the Bureau of Standards into an Institute of Technology; we have given you an Under Secretary. We have taken a page from Agriculture.

With land grant 127 years ago, Agriculture put up regional research centers, the extension service, the experimental stations. If I want to put in a victory garden in the district where I live on Macomb Street, a farm agent will be there tomorrow and give me a soil test—and early in the morning. I might say. It has worked.

Now we need a similar initiative. We do not want to get government into business, but on commercialization of technology, we must. That is the kind of competition that we are in. Otherwise, we are just going to continue to lose.

So what is not competing, and not producing, is us, the government, up here. I hope you get that feeling, because we have let it go. We have let it go. The government in Washington.

There is nothing wrong outside. I see more competitive and more productive people. Akio Morita has bought a site in my state of South Carolina. I have got 20 Japanese plants. They do not send those workers back to sing company songs, no, siree.

We are productive, and what is not producing and not competing is you and me, particularly the Department of Commerce. That is why the special trade representative does not belong over in Finance. But they could not get the attention of the Department of Commerce that is supposed to set trade policy, and so they put it in over there. And similarly with Agriculture and all the other fields. They had to go somewhere else because they could not get the Secretary of Commerce's attention.

I am confident we have yours, and we have your influential attention with the President. And if we only can start enforcing these dumping laws, and using our government and looking at these antitrust provisions that discourage against production and the commercialization of technology, if we can do those kinds of things, you can guide us and we can help you.

We have almost lost our industrial backbone. You cannot be a world power unless you can produce rubber and glass, steel, aluminum, and rolling stock; you cannot deliver your wheat on an optic fiber. That service economy nonsense, give that back to the feather heads.

They told me that 30 years ago let the developing countries do the textiles and we will do the airplanes, and we will do the computers. Now Senator Slade Gorton wants to know what about the planes. He has lost it out there in Seattle. We are losing the computers, we are losing everything. All the technology.

So what we really need is your enthusiasm and toughness and aggressiveness, to really enforce those things and not just flow around Washington and say well, we do not want to start a trade war. That is State Department nonsense. The war has been going on for 200 years. The comparative advantage is government—you and me.

I apologize to my colleagues for taking a little more than five minutes. Now, Senator Kerry, you did not have a first round. I'm glad to see you back.

Senator KERRY. Do you still want the job, Mr. Mosbacher?

Mr. MOSBACHER. More than ever.

Senator KERRY. If I may begin, as we are wont to do around here occasionally, with a parochial question, I would like to do that.

As you know, a very significant number, more than 50 percent—of all the exports within the United States are under the control of the Commerce Department. That issome 100,000 items and billions of dollars worth of trade.

For many of our Massachusetts companies that is a very significant delay process in seeking the approval in the export licensing. Perhaps more than 50 percent of the goods in our state have to get approval before they can even get to the marketplace.

Historically, that has been a tremendous problem. We rewrote the export licensing law in order to address it, and it became part of the trade law. Specifically, in the effort to facilitate that decision-making process, it was decided that adjunct offices would open in Portland, Oregon, Nashua, New Hampshire, Boston, Massachusetts, and Los Angeles. The Los Angeles office is open and currently handling some 13,000 requests at this point in time.

Just before he left office, your predecessor stopped work on the Portland and Boston offices. And it was reported by someone at a lower level that perhaps more study was needed. Now, the appropriations law last year says this will happen, and the money has been appropriated.

And my first question to you is, will that work continue, and will that office open?

Mr. MOSBACHER. Well, Senator, at this point——

Senator KERRY. If you do not know at this point, could you perhaps get back to me with an answer on that?

Mr. MOSBACHER. Yes. Yes, I will.

Senator KERRY. Before we get to the floor?

Mr. MOSBACHER. I would be glad to get you at least the answer as to where it stands. I got that same answer when I asked the question.

Senator KERRY. I would appreciate that. Thank you very much.

Experts within the technology industry tell us that high-definition television is certainly one of the electronic marketplaces of the future. And some estimates are that by the turn of the century, the year 2010, it will be a $40 billion worldwide market with $11 billion or so of market in the United States alone.

There are many uses that it will be put to, medical defense, teaching and so forth. In "Business Week" last week it was reported that the Commerce Department has engaged in preliminary discussions with about 17 United States firms, among them AT&T and Digital, to discuss putting together a consortium in order to create a United States high-definition television industry.

This is more than a research project, more than semi-tech. It is designed to really be a for-profit enterprise. And the immediate discussion was how the Commerce Department might deal with antitrust laws in order to permit this to happen.

So I have two questions for you. One, are you familiar with and can you report to us where you intend to go in this effort with respect to the antitrust laws? And secondly, what if anything would you like to do in this field to guarantee American competitiveness in an area where already others are advanced and there are consortiums prepared to fight us?

Mr. MOSBACHER. Well, I have started looking into this. It is complex. It is one that is, in my view, going to require extremely high priority in commerce and in many other departments, and, of course, extremely high priority in the legislative branch too. And particularly in this committee.

I have mentioned to Senator Bentsen who opened with this question and this comment, I am not ready to make a specific recommendation, but I suspect that since time is short it will not be long before I would be willing to.

I think that working together we must consider whatever needs to be done. If it is not within the law today, it should be at least examined and pros and cons looked at, and we need to just get back in the ballgame and be competitive here. So I agree with you totally.

Senator KERRY. Well, I am delighted to hear you say that. Obviously, I think all of us will await with interest what specific steps we could work on together.

I am told by people that know a lot more about it than I do that the microprocessor and chip usage of this industry will supplant computer usage. And obviously it is a vital area for us.

I would like to ask you also, tragically in past years under the Reagan budgets, NOAA was consistently relegated to secondary, and perhaps even tertiary, status in its funding. One of the pleasant things we get to do when we are out of here is actually take in some thought and read and learn a little.

And I spent a lot of time, as I think a number of my colleagues did—the Chairman went down to Antarctica and elsewhere—really thinking about where we are on the environment and catching up on some studies.

Clearly, that is beyond mere concern now. It is at a level of alarm which if we ignore it we are depleting our future in ways that are hard to describe. NOAA is primary in that effort in terms of climatic change, warming, pollution of the oceans and so forth. And it simply cannot be relegated to anything except primary status.

And I wonder if now you can share with us, particularly in light of President Bush's statements regarding the economy and his intention to be the environmental president, what we can look to with respect to NOAA's involvement in the Commerce Department and in this effort to put the environment on the front burner.

Mr. MOSBACHER. Well, I have talked with the NOAA people about the coastal ocean area of organization and in some of the experimental work they have been doing, not only in the oceans, but also the climate changes and the level of carbon dioxide—the greenhouse effect.

There are many people in the commerce department that are hard at work on this. I think what they need is a little urging and interest even to a greater degree than they have had in the past.

And I plan to give them the encouragement. I have tried to bring their reports into a cohesive finalized stage or, at least, final through the amount of data they have, because it is a continuing data gathering exercise. And get back with other departments and, also of course, report to the President on this, who has a great interest in the oceans and atmospheric environment studies and I totally agree with you that it is a high priority.

Senator KERRY. I know that today you are obviously not going—I see my time is up—you are not going to make a commitment, and cannot, with respect to the amount of money.

But I strongly commend to you, and I know this committee and I know the Chairman has already expressed to me his interest in the oversight intend to be really diligent in trying to hold the administration accountable to guarantee that we can do the studies and complete the work that has to be done and that has gained in that urgency.

Mr. Chairman, I do not want to go beyond my——

The CHAIRMAN. We are going for a second round. Thank you very much, Senator Kerry. Senator Bryan?

Senator BRYAN. No questions.

The CHAIRMAN. Senator Rockefeller?

Senator ROCKEFELLER. Just a couple to close up, Mr. Chairman, and I appreciate your patience.

Mr. Mosbacher, a couple things. We have, as you know, the Japan Technical Literature Act, Max Baucus, Senator Max Baucus and I got that passed in 1985 for the specific purpose of trying to wake up American industry to technology that was taking place in Japan which we were not learning about.

Japan puts out about 10,000 technical journals a year. We read 100, 200 maybe, because our people do not speak Japanese. They have read everything that we have done over the last 25–30 years. For probably $10 billion and 30,000 separate agreements with corporations, they have virtually been able to take our technology and make it their own.

Now, one would think that American business would have an interest in learning what the Japanese are doing. The "New York Times" had an article not long ago talking about how the Japanese scour the world looking for technology. We do not.

I do not—it is the sort of "not invented here" syndrome—believethat we still think that after all of these years, especially after the '80s when we are being passed by by many others in terms of technology on many fronts that American technology is dead. We certainly have an enormous trade deficit on a global basis, and technology is basically still an American invention. We have the Nobel prizes to win it. But that is called basic research, it is not called applied research.

Number one, I would hope that you would be aggressive and forceful and tough in helping the small part of your department which is dedicated to translating Japanese technological literature and making it available to American industry at cost. Nobody else was doing that. The University of Michigan was doing it, then they went broke, because American industry was not interested. This has to change.

One, will you be interested and a good godfather to them in your department, because they are doing a good job now. And secondly, why is it, in your judgment, that American industry has this feeling that they have nothing to learn from the Japanese or from the Asians or from the Europeans in terms of technology? And how do we get past that? It is a little bit what Senator Hollings was talking about also.

Mr. MOSBACHER. Before we enter into the philosophical question, I did—as you saw the surprise register on my face when we met regarding this—I did go back to commerce and ask how much translation was being done of these technical papers. And they said, they did not have sufficient budget to do a lot of it.

I will follow that up. It seems to me that it should not take a great deal of budget to, at least, get the Japanese technological papers translated properly and it can either be done in Commerce, which is probably where it should be done, or by grants to other areas, whichever is most effective and least expensive.

But on the point that some think we do not need to scour the world for technology, hopefully that is not totally true. Among the more entrepreneurial group, especially the smaller entrepreneur, there has been a feeling that our market and our interest is in the U.S. You know, that to a Texan, "going foreign" might mean going to Virginia or somewhere around Virginia.

We just have not really thought internationally, I think, in this country until recently. I think it is being brought home and I hope and believe, as commerce secretary that the Commerce Department—will further this one world competition, because it is certainly a shrinking world and it is competitive, and, if we are going to say in that first rank, we had better get out there and compete in it.

Senator ROCKEFELLER. To follow that up, I was in Japan last week. Most political types when they go to Japan they go to Tokyo, and then maybe they go to Kyoto for a day to visit and look at temples or contemplate or whatever.

I went to Nagoya, which is to the west of Tokyo. It was the most bombed-out part of Japan during the Second World War for a very good reason. They are the people who produce the products, they are the people who make things work. Not a lot of research is done there, but a lot of applied research being made into better products is done there.

I worry about that. I saw advanced materials. People say that the field of ceramics and advanced materials will, by the year 2000, be a $300 billion to $500 billion worldwide business.

MIT, the University of Delaware, Penn State, to some extent West Virginia University, are doing work on ceramics. But for the most part we are letting—we are simply letting others run ahead with this. And it is primarily the Japanese.

I mean, they are getting much closer to making automobile engine parts out of ceramics, which never wear down. They are closer, for example, to super cement, cements that can be put on secondary roads in rural states and interstate highways that you can bend, you can literally bend them, but they are super cements that never erode. They simply never erode. A hundred years later they will be there. A pothole becomes a word of a prior century.

I am tremendously concerned that we do not pursue that. Now, related to this concern of mine, there is a very important agreement that we have with the Japanese that we had to work hard to get. It is called the United States and Japan Science and Technology Agreement.

It took us a long time to negotiate it. Commerce negotiated well and hard. The State Department, as Chairman Hollings indicated, was weak. Frank Press at the White House was terrific. He was very hard and tough. USTR, as you might guess, Mike Smith was very tough.

But basically what we are trying to do, and what the agreement asked for, is a proportional response in terms of the Japanese accepting our researchers into their private government laboratories, as we have given the—where up to 13,000 Japanese researchers in our—NIH's, NASA's, as well as universities, MIT's, Cal Tech's.

I mean, there are thousands and thousands. They do not stay in this country. They learn from this country and they go home, and take the technology with them.

The idea of the Science and Technology Agreement is to have our people over there, not 13,000 by next year but building up with sort of proportionate intensity, building up that exchange.

You will be monitoring that, along with State, and the White House. I would further hope that you would be most aggressive.

The Japanese really gave nothing until the very end. And then they finally gave in. I am not sure whether they mean to implement it or not.

Whether they do or not, and how hard we push them, I think is critical, not only for advanced ceramics but technology in the future and our trade relations with Japan. So I hope that you would do that, Mr. Mosbacher.

Mr. MOSBACHER. I will, Senator Rockefeller.

Senator ROCKEFELLER. And finally, Mr. Chairman, not a question, but I would like to submit to Mr. Mosbacher questions that relate to coal and also to the National Weather Service.

Having said that, I want to say that I have been very impressed by your answers, by your candor, by your openness. I think—as Senator Hollings said, I think you have got one of the most important jobs in government.

You are a weather vane in terms of our public policy in economic competition. I wish you well. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Senator Kerry?

Senator KERRY. Thank you. Mr. Mosbacher, in the past both EPA officials as well as NOAA officials both expressed publicly their opposition to oil and gas drilling leases on the Georges Bank off Massachusetts.

As I think you know, we have the largest, the most successful eastern seaboard fishing port in the United States, the largest amount of commercial catch in New Bedford, and another one in Gloucester, both of which take most of their fish off the Georges Bank.

Most studies assert the slimness of the possibilities of finding oil there, number one. And number two, if there was oil, it would amount to about two to three days of usage for the United States.

Do you have at this point a developed position with respect to the Georges Bank, and do you intend to communicate that to the secretary of interior, if you do?

Mr. MOSBACHER. Senator, because of my 40 years in the oil and gas business, although not, of course, any longer in management, but still having some interest, I will be recusing myself from any oil and gas matters of any sort.

Senator KERRY. Well, I think that is appropriate, and I am glad you have taken that position. I think it is the appropriate position, although if you were against it, we would love to have you say so.

Senator KERRY. With respect to the issue I raised a moment ago, I would just like to have you comment on it, because it really does bother me. I can not tell you the number of CEOs I run into—and not just in my home state,but is New York, California, and elsewhere—who are beside themselves with frustration over the loss of American penetration of markets simply because they can not get a government decision or because when they do get a decision the decision does not seem to make sense with respect to restricted products.

Last July we had hearings here and testimony—among the testimony we heard was one example that I will share with you where descramblers on television sets were included on a State Department restricted list along with bazookas, jet fighters, and some other major weapons.

Now, the reason is that decoder capacity was somehow, even though it has no military use, deemed to be something we did not want to have fall in Soviet hands. On the other hand, this particular item was on the market, readily available, in dozens of other countries. And we simply wrote ourselves out of the market.

That has happened again and again and again to the tune of billions of dollars worth of goods annually. Now, I wonder if in your approach to this you have any specific plans or at least can state your intentions to guarantee that once and for all this terrible tension that has existed between Commerce, State, and Defense—and particularly Defense and Commerce—can somehow be resolved so that these decisions will be made rapidly, items may be reviewed so that we do not continue to restrict our ability to be out there.

Mr. MOSBACHER. Well, first of all, I will tell you that I will work with the State and Defense Departments and hopefully be a major player in this area, to bring these decisions to a conclusion more quickly.

Another aspect of this problem, of course, is our COCOM partners, and at times, from what little I have learned, it appears to me that they have been remiss in some of these areas. I think that we need to restudy and have further meetings and consultations with this group to see if it is an area that they are also limiting, or if they are not limiting whether we should continue to. That is at least the direction I intend to go.

Senator KERRY. And finally, and I think it is more important in light of yesterday's Supreme Court decision, last Congress I introduced a bill known as the Minority Business Development Act, which was giving administrative status to an agency which has existed for years under executive order. It would have permanently authorized it within the Minority Business Development Administration of the Department of Commerce. It received very widespread support among the minority business development community.

During the campaign for the presidency, President Bush said, and I quote him, he was going to revitalize and beef up the office of minority business enterprise in the Commerce Department, and that he strongly supported, I quote, "increased minority business development efforts by the Federal government."

Now, this is not a set-aside program, therefore it is not affected by yesterday's decision. But I think in light of that decision it may be even more important to make good on that promise, and clearly the president has expressed an activist philosophy with respect to this.

I wonder if you could share with us how you think that might be implemented and manifested, if you can say so at this time.

Mr. MOSBACHER. Well, although briefly, the President and I have talked about this, and he has indicated the same things to me that he did during the campaign.

We do want to energize minority business development, and will do so. As far as the amount of the budget, it all ties in as we review the entire budget and its constraints. But we will be working on it, we will be making it effective, and, hopefully, extremely effective.

Senator KERRY. Thank you very much, Mr. Mosbacher. I appreciate it, and I certainly look forward to working with you. And I also look forward to hearing your report on the offices, if I could. Thank you very much.

The CHAIRMAN. Thank you, Senator Kerry. Mr. Mosbacher, right to the point, there is a lot of work to be done.

Specifically make a note on, for example, your International Trade Administration. During the last Reagan administration, for the first time, they said they could not determine a subsidy for a non-market economy.

In other words, the Soviet Union, the People's Republic of China, East Europe, and other non-market economies, could dump. And at this moment they are dumping Russian textiles on my front porch down in Charleston, South Carolina.

That is a spurious position that has got to be corrected. We have looked at the law, and we have practiced customs law, and they can decide, as other countries such as our competing trade partners have, how to do it.

I can go to Thailand, for example, and find out the cost of production, wages, and everything else, transmit that right next door to the People's Republic. If you cannot solve it there, then tell us in Congress what we need to do.

I understand the work that must be done with our Attorney General, and the Department of Justice on trade. Right to the point, on this committee, we thought we were doing a better job on antitrust and protecting a free and open market with respect to the production of telephone equipment.

We barred the regional Bell companies such as Southwest Bell, from getting into business, with Judge Green's order. Now I find out in my backyard has come Fujitarama. It is a Japanese firm working with an American firm in Spartanburg, South Carolina, and they are going to produce everything by way of optic fiber and that kind of equipment. And within five to 10 years they will have it all.

And here I am sitting up here acting like I have got control and I am doing something. In other words, the domestic market is no longer domestic. It is not subject to us in the Congress and our control and, unless we move adroitly with respect to antitrust and other things that we are trying to enforce, it will slip farther and farther away.

And the personnel, we find that in the Special Trade representatives Office in the last eight years, over half of the staff who has left government service have gone to represent the opposition and the competition. Over half of those have gone to represent the Japanese.

And you will not be able to move, all the lobbyists will be in your office. I can tell you, I cannot. I will get 20 to 30 former Senators and Congressmen all out in the front office.

I cannot as a lawyer go represent anybody in Japan. It is against the law there. But here we have more lawyers in Washington representing Japan than we have as members of the Congress representing the United States of America. That is how bad it has gotten.

And incidentally, they are better paid. And somebody is going to add, and incidentally they do a better job. But in any event, this is the kind of arena you are venturing into. And we all experience this.

And it is tough, but the American people now have gotten the message, and it is a bipartisan message. It is not a partisan thing up here at all that we must get our government competitive and move in to this gap.

Because unless you succeed as Secretary of Commerce and tell them this at every cabinet meeting, there will not be any money for defense. It is up to you to succeed. Tell that Secretary of Defense to calm down, unless you win the ability to provide he cannot get anything. And that is what route we are facing right now.

It has been a good hearing, and the opening statements will be included in the record. We will keep the record open until late this afternoon for questions, because we would like them back by Thursday.

I hope to move by next Tuesday to get your confirmation reported out, and I do not think you will have a bit of trouble. We appreciate it very much.

Mr. MOSBACHER. Thank you, Mr. Chairman.

[Whereupon, at 12:42 p.m., the hearing was adjourned.]

[The following information was subsequently received for the record:]

PREHEARING QUESTIONS OF THE CHAIRMAN AND THE ANSWERS OF MR. MOSBACHER

QUESTION 1:

If confirmed, what will be your major objectives as Secretary of Commerce? What will be your top five priorities?

ANSWER:

The main challenge facing the Department of Commerce is to support U.S. economic growth and international competitiveness. The objectives associated with meeting that challenge are:

- Promoting a better climate for increased U.S. international trade in an increasingly global economy.
- Helping American industry to develop and apply new commercial technologies that will make us more competitive.
- Providing information to meet public needs and support Government policy-making.

Within these broad objectives, my top priorities are:

1. To develop a two-way street for trade by expanding overseas markets for American goods and services.
2. To improve the operations of the Foreign and Commercial Service.
3. To operate a balanced export program for the Nation that safeguards national security while reducing barriers to increased overseas sales.
4. To support the exploitation of new commercial technologies by U.S. industry.
5. To take a fair and accurate census in 1990.
6. To insure that the ability of the National Weather Service is able to provide accurate forecasts and timely warnings for public safety.
7. To support a National effort to clean up our ocean and coastal environment.

QUESTION 2:

What role do you believe that the Department of Commerce should play in Administration decisions regarding business, trade, technology, and economics?

ANSWER:

The Department will represent the position and interest of U.S. business in policy discussions. The Department should be the voice of business and enterprise at the Cabinet table.

The Department has a dual role -- supplying information and advocacy -- in each of these areas.

The Department of Commerce is a major information resource. It produces a wide variety of data and analyses that are necessary and useful for developing policy. Commerce provides information about U.S. trade and the state of our economy, data and analyses about specific businesses and industries, population statistics, information about trade opportunities and barriers, data for commercial technology development, and environmental data to facilitate government and business decision making. We must ensure that this information gets to the right people at the right time and in usable form.

We must also advocate policies and actions that will contribute to economic growth and improved competitiveness for U.S. interests in our global economy. As more countries enter the international marketplace and compete directly with American products and services, our policies must change to keep pace. Commerce must work more closely with the Government's other agencies to give a higher priority to trade concerns in developing policy. We must also increase the attention to science and technology in developing economic and trade policies. We must work to develop coherent policies and programs that will expand the Nation's industrial research base and reduce impediments to producing new, technology-based commercial products and services faster. This will require the active participation of industry.

QUESTION 3:

During the Reagan Administration, a Commerce Department textile negotiator actively solicited job offers from foreign governments and companies while still a Federal official. If confirmed, what will you do to ensure that the Department is in full compliance with the letter and spirit of ethics laws and regulations.

ANSWER:

The President and I strongly feel that Federal officials in our employ must fully comply with the letter and the spirit of ethics laws and regulations. If confirmed, I will instruct my General Counsel, the Department's chief ethics officer, to brief all incoming officials on ethics matters to ensure that they not only adhere to the ethics rules but also avoid any action which creates even the appearance of impropriety. In addition, I will ensure that a strong attitude about ethics emanates from me and from all appointees who serve under me.

QUESTION 4:

Despite a substantial fall in the value of the dollar and some improvement in U.S. exports during this past year, final trade figures for 1988 are likely to show a merchandise trade deficit of up to $115 billion. Clearly, the U.S. economy faces problems deeper than simply the value of the dollar. In your view, what are the causes of this prolonged merchandise trade deficit, and what steps do you think should be taken to eliminate it? In particular, do you think we can simply export our way out of the trade deficit?

ANSWER:

The basic cause of the trade deficit is simply that the United States consumes more goods and services than it produces and is importing the difference.

The trade deficit has increased this decade because of simultaneous growth in personal consumption and business investment, an expanded federal deficit, and a falloff in private saving. The recent reduction in the deficit resulted from a robust expansion in U.S. exports that began in early 1987.

Expanding exports and reducing imports will not be easy. To achieve this without hurting the U.S. standard of living requires steady non-inflationary U.S. economic growth while increasing personal savings and reducing the Federal budget. Improving competitiveness, productivity and innovation will also require strong capital formation, expanded research and development, better quality and effective U.S. trade policies. Expanding U.S. exports will require a healthy growth of foreign markets and resolving the constraints imposed by less developed countries' indebtedness.

QUESTION 5:

How could U.S. trade policy be better coordinated?

ANSWER:

Concern over the coordination of U.S. trade policy has grown in the last several years. This concern has led to changes by the 1988 Omnibus Trade legislation. In the executive branch interagency process and in Congressional and private sector consultations. U.S. trade policy will be more coordinated as a result of these reforms.

For my part, the Commerce Department's responsibility for Export expansion and promotion, national security controls, effective administration of unfair trade laws and the aggressive use of our Foreign Commercial Services Offices will be coordinated with the work of the other trade related agencies.

QUESTION 6:

Do you believe that the economic security of the United States should be a factor in all major Administration decisions?

ANSWER:

Yes. In my opinion, the first and foremost role of the Federal Government is to provide for the national defense. I believe that the foundation of a strong national security posture is a healthy economy. Thus, the implications for our economic security should always be considered in major policy decisions. Moreover, I believe it is important that we take the necessary steps to bolster American competitiveness as a way of achieving economic security as well as contributing to our national defense.

QUESTION 7:

Over the last few years, more and more bilateral textile agreements have been negotiated and imports have increased in record numbers. Are you committed to full staffing of the Office of Textiles and Apparel in order to fulfill the Department's role in textile policy?

ANSWER:

I am committed to fulfilling the Department's role in textile policy implementations. The Office of Textiles and Apparel plays an important role in both the development and execution of Administration policy in the textile and apparel area. The Office chairs and serves as the executive secretariat of the Committee for the Implementation of Textile Agreements. Office personnel as well participate in bilateral textile negotiations and provide support to the U.S. delegation. In addition, the Office administers our textile agreements.

QUESTION 8:

The Department's current way of counting offset and profit deductions when calculating dumping margins has been criticized by American firms. Do you believe that the Department should follow international practice in calculating dumping margins, or should the Department continue to unilaterally calculate those margins to the disadvantage of U.S. petitioners?

ANSWER:

I'm aware that this issue was debated vigorously when the 1988 trade bill was under consideration. I intend to fully implement all provision of the Trade Act. With respect to this specific issue I will review the current practice and ensure that the laws enforcement is fairly applied.

QUESTION 9:

Please list the potential problems that you foresee with negotiating free trade agreements with countries other than Canada.

ANSWER:

As I understand it, the Reagan Administration and the Congress have focused trade liberalizing efforts on multilateral trade initiatives instead of new bilateral or regional free trade areas (FTAs). The Uruguay Round negotiations, launched in September 1986, are the major outgrowth of this policy.

Proposals for any new FTAs would have to be evaluated carefully. Negotiation of the U.S.-Canada FTA was a lengthy process, despite the many similarities in the U.S. and Canadian economic systems. Since the trading regimes of many of our trading partners often differ more markedly from ours than Canada's, conclusion of other FTA regimes would be even more complex. Concerns such as the relative size of the trading partners and the degree of government involvement in the economy are just two variables which would affect the outcome of FTA negotiations. Also I should note the President-elects interest in exploring a FTA for North America, including Mexico, is something we should study closely.

QUESTION 10:

Do you believe that the European Community's planned 1992 economic integration will benefit or disadvantage U.S. exporters?

ANSWER:

Overall, U.S. exporters should benefit from the European Community's (EC) 1992 Program, as long as it is implemented to produce a market that is open to international trade as well as internal trade. We must closely monitor the European Community-92 as it evolves.

However, there is also a danger that the EC program will include elements that will hurt some U.S. industries. I am concerned that for some products, the establishment of technical and regulatory preferences for "European" products may reduce U.S. market access. In liberalizing financial services, an area not covered by GATT rules, the EC is considering a broad concept of "reciprocity" that may discriminate against U.S. companies. And in other sectors, such as cars, the EC may replace existing national barriers with EC-wide restrictions.

QUESTION 11:

Do you see any disadvantages to the increasing amount of foreign direct investment in United States properties and companies? Should the Congress have access to information that the Department collects on foreign direct investment in this country?

ANSWER:

I strongly favor a policy of open investment and have sought to expand the freedom of international investment flows in bilateral and multilateral arenas. At the same time, we must carefully consider the national security implications of foreign control of industries essential to our technological and defense base.

We believe that there are circumstances under which foreign direct investment may threaten to impair the national security. Therefore, each transaction should be carefully examined. Much of the data are already available to the Congress and the public. We are prohibited by law from providing information to anybody about individual companies and investors.

Revealing company-specific data to Congress, or anybody else, will discourage foreign direct investment, damage the U.S. statistical system, and add little to our ability to analyze the impact of foreign investment on the economy.

I believe the current rules with respect to the disclosure of foreign direct investment data are adequate.

QUESTION 12:

If confirmed, you or your designee will serve as a member of the new Committee on Foreign Investment in United States (CFIUS). The Committee is charged with implementing the "Exon Amendment" in the Omnibus Trade and Competitiveness Act. What is your view of this provision, and do you intend to ensure that it is fully implemented by the Bush Administration?

ANSWER:

I assure you that the Department of Commerce intends to fully implement the provisions of Exon-Florio as provided by law. I personally have an interest in the agenda of the Committee on Foreign Investment in the U.S. and I look forward to my participation in that process.

QUESTION 13:

Do you believe that the countervailing duty laws should be extended to cover non-market economies? Why or why not?

ANSWER:

Recent Trade Act amendments to U.S. countervailing duty laws apply to non-market economy countries where subsidies could be identified and measured.

I do not believe it would be appropriate to extend the countervailing duty law to imports from non-market economy countries. Instead, the antidumping duty law, as amended by the recent Act, offers the best means of addressing unfairly-priced imports from these countries. As part of the trade bill, the Congress also directed Commerce to conduct a study addressing whether changes are needed in the antidumping duty law to accommodate economies in transition to market economies, such as the People's Republic of China. This study is to be completed by August 1989 and I will look at it very carefully.

QUESTION 14:

Recent legislation has created the new position of Under Secretary of Commerce for Technology and expanded the responsibilities and authorities of what is now the national Institute of Standards and Technology (NIST).

A. If confirmed, what will be your priorities in the field of technology and industrial competitiveness? What specific activities do you want the new Under Secretary and NIST to undertake?

ANSWER:

The most important problem we face as a nation with respect to technology and industrial competitiveness is in speeding the application of technology to the markets. To achieve that goal, we need to address the barriers that exist in this country to moving technology into the market place.

I expect the Technology Administration to develop and promote Federal policies and programs that will increase U.S. innovation, productivity, and growth through consultation and collaboration with the private sector. The Under Secretary and the Assistant Secretary for Technology Policy will work with business to identify opportunities and barriers to commercial innovation and to advocate federal policies and programs to eliminate those barriers. The Under Secretary will also promote the commercial application of federal R&D.

In addition to carrying out its traditional mission of providing measurements, standards, and data support to U.S. industry, the National Institute of Standards and Technology will increasingly focus on the needs of U.S. business and industry engaged in developing and applying emerging technologies.

B. What specific responsibilities would you assign to the Assistant Secretary for Technology Policy and the new Office of Commercial Affairs?

ANSWER:

The Office of Technology Policy is a focal point for analysis and policy development and inter-departmental coordination.

I am working out detailed responsibilities for each and I will get back to you on this once I've given fuller thought to how each function relates to the other.

QUESTION 14:

Recent legislation has created the new position of Under Secretary of commerce for Technology and expanded the responsibilities and authorities of what is now the National Institute of Standards and Technology (NIST).

C. Do you agree that the person appointed as Under Secretary should be an experienced industry executive with demonstrated expertise in matters of technology?

ANSWER

Industry must be intimately involved from the very beginning in all that the Under Secretary for Technology undertakes. A technology-related industry background would be a distinct advantage.

QUESTION 15:

American industry now faces a concerted technological challenge from government-industry research projects in Japan and the European Community. For example, the Japan Key Technology Center established 40 projects in 1986 and 1987 in such critical fields as new materials, biotechnology, computer technology, and opto-electronics. The December 29, 1988, Wall Street Journal reports that the European Community's Eureka Program is currently sponsoring 213 joint projects, at a cost that could exceed $4 billion, to produce electronic systems and products.

A. At a time when the U.S. lead in major technologies has eroded sharply, do you believe that the Federal government should consider creating additional sematech-tech research consortia in fields such as superconductivity and high-definition television?

ANSWER

First of all, government should make it much easier for U.S. industry to cooperate on its own, without any aid or assistance from government. Our antitrust laws, for example, put our firms at a distinct disadvantage from an international competitiveness point of view.

Secondly, government's own R&D should be more focussed on selected technologies that are important to our international competitiveness. The government should be identifying important technologies in their pre-competitive stages when industry cannot get adequate return from its R&D investment leading support such investment.

Also I feel that whenever industry can take the lead it should as is the case in Sematech. The semiconductor industry is very nearly unique in its importance to the overall health of this country's economy and national security, so I think government attention is appropriate here. I prefer, however, for the government to make it more feasible for industry to form such joint ventures on its own. We must never forget, particularly in these very stressful times, that becoming competitive in making and selling things is industry's job, so we should encourage industry to be out front and make certain government is not an impediment.

QUESTION 15:

American industry now faces a concerted technological challenge from government-industry research projects in Japan and the European Community. For example, the Japan Key Technology Center established 40 projects in 1986 and 1987 in such critical fields as new materials, biotechnology, computer technology, and opto-electronics. The December 29, 1988, Wall Street Journal reports that the European Community's Eureka Program is currently sponsoring 213 joint projects, at a cost that could exceed $4 billion, to produce electronic systems and products.

B. If so, do you agree with the Defense Science Board that the Defense Department should take the lead in promoting research in commercial technologies? Or do you agree with those who believe that the Commerce Department should take a more active role in this area?

ANSWER

No, I don't think the Defense Department should take the lead in promoting research in commercial technologies. DOD is really concerned about the industrial base for its own use (e.g., Sematech is vitally important to the DOD mission). To the extent that DOD technology has dual use, it should certainly be exploited by the commercial sector. However, pre-competitive technology, by its nature, needs to be developed across a broad front. DOD funds only that these area related to its mission. The nation needs to be certain that the entire commercial base is provided for.

The Department of Commerce needs to pull together its resources and responsibilities to help U.S. industry by developing policies and programs that will make it easier for industry to develop and exploit technology for commercial purposes. Commerce has the mission, it has the expertise in trade policy, economic analysis,and science and technology. Commerce also has direct contacts with U.S. industry. The formation of the new Under Secretary for Technology now completes the Department's range of analytical and policy making capabilities that U.S. business and industry need and deserve.

QUESTION 16:

If confirmed, what position will you take regarding the U.S.-Japan Semi-conductor Agreement? (This is formally called the U.S.-Japan Semi-conductor Trade Arrangement).

ANSWER

More than two years have passed since this signing, and although dumping of Japanese memory chips into the United States has stopped (one American producer has re-entered this market), the foreign share of the Japanese semi-conductor market is still no better than the historical level of foreign participation since 1970--a level recognized as inconsistent with market fundamentals. It is because of this situation that I support the continuation of sanctions against certain Japanese products. It is also important to continue to work with the Government of Japan and Japanese semi-conductor users to identify ways in which market access can be increased.

QUESTION 17:

Pursuant to President Reagan's National Space Policy of February 11, 1988, and the Land Remote-Sensing Commercialization Act of 1984, the Department of Commerce is responsible for commercialization of the existing land remote sensing system -- Landsat.

A. How high a priority will the commercialization of Landsat be in your Department? And what specific recommendations will you make to facilitate the commercialization of Landsat? Will your recommendations require additional federal funding.

B. Will you establish a separate task force or create a separate office to deal with Landsat commercialization? Or has the time come to admit that the commercialization of Landsat was premature and that the Federal Government will be required to continue to support the existing land remote sensing satellite system?

ANSWER:

A. I support the commercialization of space as a goal that must be pursued.

I intend to work with the Congress toward a course of action which continues the Landsat commercialization effort and maximizes private sector investment while reducing or eliminating direct Government subsidy.

B. NOAA has recently created the Landsat Commercialization Division in the NESDIS Office of Systems Development to deal with this task.

QUESTION 18:

There currently exists in the Office of the Secretary of Commerce an Office of Commercial Space Programs. Pursuant to Section 219 of the NASA Authorization Act, P.L. 100-685, the Office of Commercial Space Programs shall not be placed into the Department's Technology Administration without the prior authorization of the Congress. Section 219 also notes that the Congress does not authorize the activities of the Office of Commercial Space Programs in the Department of Commerce, although it does not explicitly forbid them.

A. What is your view of the Office of Commercial Space Programs? Will it be maintained in the Office of the Secretary? Reestablished elsewhere? Or will it be abolished? Will a separate authorization be requested that formally establishes this Office and outlines its role and responsibilities?

ANSWER:

The Department of Commerce performs a wide range of space and space-related activities. These include weather and Landsat satellite operations in NOAA; microgravity, robotic and computer research and development at NIST; export control in BXA; foreign trade promotion and negotiations in ITA; and numerous industry specific functions. I feel that it is important to have a focal point and coordination of all Commerce space-related activities. But I haven't determined how such a unit would be organized or where it would be located. As I review the issue I will consult with you and your staff.

B. What is the current staffing arrangement for the Office of Commercial Space Programs -- how many slots and at what levels?

ANSWER:

The following are current allocated slots and levels for OSC:

Title	Slot	Level
Director	Non-career SES appointee	SES
Confidential Asst.	Schedule C	GS-8
Policy Analyst	Career Competitive	GM-15
Program/Admin Asst.	Schedule C	GS-9
Industry Specialist	Career Competitive	GM-13
Public Affairs Spec.	Temporary Competitive	GS-12
Project Coordinator	Schedule C	GS-8
Clerical	Career Competitive	GS-5

QUESTION 19:

There currently exists in the Department of Commerce a Commercial Space Advisory Committee that is scheduled to report its findings to the Secretary of Commerce and to the President by the end of January 1989.

A. Would you please advise the Committee of the major findings of this Advisory Committee and when the Committee will be provided with copies of the final report.

ANSWER:

The Advisory Committee's report is not finished, thus I have not seen it.

B. Do you intend to maintain this Advisory Committee after you are sworn into Office?

ANSWER:

No. This Advisory Committee was commissioned by Secretary Verity as a temporary committee with a specific assignment.

C. Do you believe that it is the responsibility of the Secretary of the Department of Commerce to oversee the implementation of the National Space Policy and Commercial Space Initiatives announced on February 11, 1987? Or is that the responsibility of the National Space Council which is established as of February 1, 1989, and that will be chaired by the Vice President?

ANSWER:

The structure of the National Space Council, within the Executive Office of the President, and its membership has not yet been defined. I understand that the National Space Council will serve to raise the level of focus within the Administration for space policy matters. I, as Secretary, and the Department of Commerce, are ready to assist and cooperate with the Council wherever appropriate.

QUESTION 19:

D. Pursuant to President Reagan's National Space Policy, what are the specific responsibilities of the Department of Commerce?

ANSWER:

The National Space Policy requires the U.S. Government to promote greater commercial involvement in space activity. This responsibility falls squarely within the Department of Commerce's jurisdictional mandate to foster, promote and develop the foreign and domestic commerce of the United States.

The specific National Space Policy responsibilities of the Department of Commerce are as follows:

1. To serve as a member of the Senior Interagency Group (SIG) on Space of the National Security Council.

2. The National Oceanic and Atmospheric Administration is to "gather data, conduct research, and make predictions about the Earth's environment".

3. As part of the Commercial Space Sector Guidelines, the Departments of Commerce, Defense, and Transportation and the National Aeronautical and Space Administration are to "work cooperatively to develop and implement specific measures to foster the growth of private sector commercial use of space." In addition, "a high level focus for commercial space issues has been created through the establishment of a Commercial Space Working Group of the Economic Policy Council". Commerce chairs the Commercial Space Working Group.

4. As an additional part of the Commercial Space Sector Guidelines, "DOC will commission a study to provide information on future policy and program decisions on options for a commercial advanced earth remote sensing system, ... The results of this study will include an action plan on the best alternatives identified during the study".

5. As part of the Inter-Sector Guidelines, Commerce has the following assignment: A task force of the Commercial Space Working Group, in cooperation with OSTP, will conduct a feasibility study of alternate methods for encouraging, without direct federal subsidy, private sector capital funding of United States space infrastructure...".

QUESTION 20:

Product liability issues continue to attract a great deal of attention.

A. Do you believe that there is a "liability crisis" in the United States? If so, on what do you base that opinion, and what are the causes of that crisis?

ANSWER:

I am told that the potential liability facing individuals, U.S. businesses, and other entities such as municipalities and non-profit organizations has expanded significantly over the past few years. This expansion of liability can clearly have a detrimental effect in a number of ways on our productivity and competitiveness.

I intend to give careful attention to this problem upon taking office to identify any opportunities to address it.

B. Some individuals and groups advocate the adoption of a Federal law setting standards for product liability action. Ar you in favor of the adoption of such a bill? If so, why?

ANSWER:

I understand that Federal standards for product liability action have been considered by at least the last three Congresses and that the past Administration endorsed product liability reform at the Federal level. I will take a look at the need for Federal intervention in this area and discuss the matter with the Congress and other interested parties.

QUESTION 21:

In 1986, the Congress adopted the Risk Retention Amendments of 1986, which broadened the Product Liability Risk Retention Act to permit other groups and individuals to obtain insurance on a group basis.

A. Do you believe that the 1986 Act has been effective? Why or why not?

ANSWER:

I am told that under the Act there have been about fifty risk retention groups and 300 purchasing groups formed.

I am told that Department of Commerce has been working with regulators, insurers and users to develop a consensus on changes in the Act.
I will study this question more closely upon assuming office.

QUESTION 21:

B. The 1986 Risk Retention Act mandated the preparation of reports by the Department of Commerce regarding the implementation of the Act. The first such report was received in 1987, and the second report is due to be submitted in September f this year. Do you envision being actively involved in the preparation and/or review of this report? Will you make specific recommendations regarding the Act when the report is submitted?

ANSWER:

I will review the report. Its content will be depend in part on activities both in the states and in the Congress over the next few months.

QUESTION 22:

Recently, the Department of Commerce issued its projection for the insurance industry's financial condition in 1989. Do you believe that there are any issues regarding the insurance industry which warrant Congressional scrutiny? If so, please identify those issues and the reasons why you believe Congress should become involved in them.

ANSWER:

The recent U.S. Industrial Outlook mentioned several issues involving both life and property/casualty insurance where the federal government has a potential role. I believe the longstanding tradition of state regulation of insurance should be maintained and the federal role kept to a minimum.

I assume that there will be oversight of the Risk Retention Act and I understand trust that the Congress will act on a Federal product liability law -- a matter clearly related to casualty insurance.

QUESTION 23:

The 1990 Reagan Administration budget proposes transferring the programs of the Minority Business Development Agency (MBDA) to the Small Business Administration (SBA). MBDA is presently the only Federal Government component whose sole function is to address the problems of minority business. What are your views regarding the need to promote minority business development? What do you believe to be the Federal government's role in this area? If confirmed, what initiatives will you undertake in this regard?

ANSWER:

The Federal Government's role is to be the catalyst and partner in minority business development. I view minority business development as a shared responsibility which does not fall exclusively on the shoulders of the Federal Government. It should be borne by the private sector, educational, business and financial organizations as well as the Federal Government. Government is at its best when it can stimulate a myriad of players to produce healthy and viable minority businesses.

The fact remains that - in relation of the overall health of the minority business community - the Government's role is a limited one which must be met almost dollar-for-dollar and contract-for-contract with non-Federal support systems. So, if there were any initiatives I would take, I would probably try to do more to stimulate state and local governments, education and vocational institutions, as well as Corporate America, to do more on behalf of minority business development, I would also take a stronger, more definitive role in advocating and coordinating at the Cabinet level Administration policy regarding the Federal Government's role in minority business development. And I would promote the better utilization of Federal resources in this area. The Government can and should do more to be the catalyst that opens more doors, removes excessive regulation, and stimulates more involvement in partnerships for economic progress. The Department of Commerce has a long history of involvement in minority enterprise. I will do whatever I can to bring minority business into the economic mainstream of America's business sector.

QUESTION 24:

Over the last few years, the U.S. trade deficit in telecommunications equipment and services has contributed to the overall trade deficit. What do you intend to do to improve the U.S. trade position in telecommunications?

ANSWER

First, we need to increase high-level political visibility and awareness regarding telecommunications issues, to signal to our trading partners that this is a sector the United States values highly.

Second, more needs to be done to improve the ability of U.S.-based firms to compete more effectively both at home and overseas. Reduction and elimination of unwarranted regulatory burdens are needed.

Third, we need to continue -- indeed, expand -- bilateral as well as multilateral efforts to open foreign telecommunications markets, and thus afford U.S.-based companies an opportunity to compete. Some progress has been achieved in talks with European and Japanese telecommunications administrations. The telecommunications trade provisions of the new Omnibus Trade Act provide additional market-opening tools. But, we need to vigorously exercise these tools, and continue all our other market-opening efforts.

QUESTION 25:

What is your view as to the importance of telecommunications to the U.S. economy? What priority will telecommunications have in your department?

ANSWER

Telecommunications and information goods and services are increasingly major factors of production--electronic tools that are critical to maintaining U.S. competitiveness. This sector also makes possible efficient delivery of an array of Government and related services -- education, training, and retraining services, for example. Additionally, telecommunications and information goods and services are a large component of America's overall export trade portfolio.

The United States cannot afford to see its traditional technological and commercial leadership in this key high-technology sector further eroded. Removing unwarranted domestic and international barriers to the ability of U.S.-based companies to compete in telecommunications and information services will continue to be a major Commerce Department priority.

I intend to work directly and personally with the NTIA Assistant Secretary on these policy priorities.

QUESTION 26:

The U.S. recently participated in a very difficult meeting at the World Administrative Telegraph and Telephone Conference (WATTC) in Melbourne, Australia. The U.S. is now planning for the International Telecommunication Union's (ITU) Plenipotentiary meeting which, among other things, will set the ITU's organization, budget, officers, and schedule of conferences for the next several years. How do you believe that the U.S. performance in this important meeting can be enhanced?

ANSWER

Effective U.S. participation in international communications conferences and meetings hinges upon several factors. First, there must be thorough preparation, including preliminary bilateral (and occasionally Multilateral) talks with other industrialized nations which often share U.S. policy views (e.g., Canada, the United Kingdom, West Germany, Japan). We need to make sure others countries, especially our traditional allies and supporters, are fully aware at the outset of U.S. conference goals and general policy views.

Second, the leadership and membership of the U.S. Delegation is critical. Particularly with regard to the upcoming ITU Plenipotentiary, experience and preferably extensive experience, in international communications conferences should be a primary selection criteria. The commercial and other stakes usually are too high for us to rely upon "on-the-job training."

Third, a strong "home team" able to back up the American delegation is necessary. As international communications conferences often raise telecommunications policy, foreign policy, national defense, and other specialized concerns, participation by all of the various Federal departments and agencies with particularized expertise is essential.

Fourth it is important to be prepared to take major reservations or, indeed, to decline to sanction the conference results altogether, if the proceedings run contrary to our national interests. Some compromise may be necessary.

QUESTION 27:

The National Oceanic and Atmospheric Administration (NOAA) represents close to 50 percent of the Commerce Department budget and well over a third of the Department's personnel. Yet, atmospheric and oceanic issues seem to receive very little attention from the Secretary of Commerce.

A. If confirmed, how would you define your role and responsibilities with respect to NOAA?

B. What kinds of qualities and background do you consider important for candidates for the position of NOAA Administrator? Do you agree that NOAA's leaders should have considerable knowledge about the agency and its activities?

ANSWER

I intend to stay fully informed of NOAA's activities and to be an advocate for NOAA's mission. I have relied on NOAA charts and forecasts as an ocean sailor and I have an intellectual curiosity about such issues as global climate change and the use of our oceans. These are issues on which President Bush focused during his campaign, and ones in which NOAA has a vital role. I do not want to set out a list of rigid requirements which may prejudge candidates who may have unique qualifications. I would like to add that I have had the opportunity to be briefed by NOAA's senior staff and I have been impressed by the many capable senior career managers and scientists within the agency.

QUESTION 28:

Improving our public weather warnings and forecast systems may require significant restructuring of the National Weather Service. It has been assumed that such changes would be made as new equipment and technology were set in place over the next 7 or 8 years. Recently, there have been indications that the Administration will propose to close down or otherwise curtail service at a number of Weather Service facilities immediately. Technologically, is the Weather Service ready to take such action? How can these reductions be made without increasing the risk to public safety?

ANSWER

It is my intention to proceed with the transition to a modern National Weather Service without service degradation.

I look forward to consulting with Congress as the transition from the existing structure to the modern NWS moves forward.

QUESTION 29:

The Coastal Zone Management Program is a unique partnership between the Federal and state governments. Through this program, states, using federally-approved management plans, attempt to balance economic development with environmental protection along the nation's coast. The Reagan Administration repeatedly tried to slash funds for the program, asserting that this management should be a state responsibility. Congress, on the other hand, has maintained that our coastal resources are a national asset and has restored the funding levels each year. The problems this past summer with widespread fouling of beaches and hazardous coastal water quality further emphasize the need for strong, national focus on the costal zone. What is your view of coastal zone management and what plans do you have for the program?

ANSWER

I strongly support a national efort to clean up our Ocean and Coatal Environment. As you know, I intend to recuse myself for all matters directly effectig the oil and gas industry. With the limits of my recusal, however, I will ensure that the issues associated with the reauthorization of the Coastal Zone Management Act are thouroughly review with a view to protectively thes precious national resouces.

QUESTION 30:

NOAA has a number of programs, such as Sea Grant and the Climate and Global Change initiative, that engage in providing funding for oceanic and atmospheric research. During your tenure as Secretary, what priority will you assign to Federal funding for scientific research in the Commerce Department?

ANSWER

Fulfilling NOAA's responsibilities in oceanic and atmospheric science and predictive services will be one of my priorities. I expect to place priority on high quality research projects which support three principal areas:

- climate and global change;
- coastal ocean sciences and resource management; and
- weather service modernization.

QUESTION 31:

The Reagan Administration has repeatedly proposed the establishment of a marine fishing license. In fact, the proposal is part of the Fiscal Year 1990 budget submission for the Department of Commerce. However, President-elect Bush has publicly stated his position to any Federal marine fishing license. Is it safe to assume that Mr. Bush's first budget will not include this proposal?

ANSWER

President-elect Bush has publicly stated that he opposes a Federal marine recreational fishing license. I can make no assumptions at present about what President Bush plans to include in his first budget.

QUESTION 32:

As the primary Federal agency charged with environmental data management, NOAA will have a critical role to play in developing a base of information for effective decision making to respond to the consequences of global change. Yet, despite marked increases in the amount of information being collected, there have been no requests for increases in NOAA's data management budget since 1980. What action do you plan to take to assist the agency in meeting this challenge?

ANSWER

I understand that NOAA is developing a strategy and plan for meeting the Agency's broad environmental information responsibilities. I will review this plan and consider specific proposals for data management improvement as soon as they are finished.

QUESTION 33:

There has been discussion regarding the creation of a Department of the Environment which would be composed primarily of the Environmental Protection Agency and NOAA. What are your thoughts on the establishment of such an agency?

ANSWER

If I am asked to submit recommendations to the President, I would want to consider all options, I would particularly want to consider the possibility of simply clarifying the roles-of existing agencies.

QUESTION 34:

Last month, the Japanese resumed illegal whaling activities in the Antarctic. In a recent letter to President Reagan, Secretary Verity stated that there had been no progress in consultations with the Japanese to bring such whaling activities to a halt. He also indicated that he was preparing recommendations regarding additional steps which could be taken to encourage Japanese compliance with international whaling agreements. What will be your recommendations to President-elect Bush on this issue?

ANSWER

When I'm confirmed, I will continue the consultations of my predecessor and will make my recommendation to the President after completing my review of all pertinent factors.

I am aware of my predecessors' work to bring Japan into conformance with the International Whaling Commission conservation program, and I will continue vigorously pursue these efforts.

Travel and Tourism

QUESTION 35:

Do you believe that the United States Travel and Tourism Administration (USTTA) is a good investment, given the large tourism revenues it helps to generate?

ANSWER

As a result of USTTA's efforts in partnership with the private sector, tourism is America's largest source of export earnings, generating more than $24.5 billion in export income and nearly $2.1 billion in local, state, and federal tax revenues in 1988. There is no more effective investment of taxpayer dollars that the $13.8 million appropriated for USTTA in this current fiscal year.

QUESTION

What are your plans regarding this agency?

ANSWER

The U.S. Government, especially USTTA, has a critical role to play as strategist, catalyst and recruiter of more private sector participants in America's tourism export market. USTTA's strategic plan will guide the Federal Government's involvement in this area during the Bush Administration.

PREHEARING QUESTIONS OF SENATOR RIEGLE

QUESTION 1:

The USSR is seeking to modernize and enhance its civilian manufacturing base, which is currently inadequate. They are a good prospective market for consumer items and technologies. Yet I understand any prospective U.S. sale to the USSR that entails a transfer of technology, including shipments of maintenance handbooks, is either substantially delayed or denied. This appears to exceed the statutory authority given the government to regulate U.S. exports. What steps will you take to solve this problem? If you are confirmed as Secretary of Commerce, will you commit to ensuring that the Administration will carefully review the nation's export control law to determine the appropriate role of each agency?

ANSWER

U.S. export control on technology is, indeed, broad.

I will review our controls on technology to see if they are excessive.

If the controls are unilateral in nature, for example, if our COCOM allies do not control them because the military relevance criteria is not met, then I will take appropriate action, as required by law.

I will focus our export control efforts on exports that could pose a threat to U.S. national security. Those exports that do pose a threat should not go forward, those that do not, should be expedited to protect our reputation as reliable suppliers.

I will work closely with the Departments of State, Defense and Energy to ensure interagency cooperation and to ensure the appropriate role of each agency under the law.

QUESTION 2:

The New York Times recently editorialized that President Bush "has few more pertinent tasks than to stem the erosion of America's technological pre-eminence."

Indeed, federal funding of civilian research and development lags behind that of our chief competitors as a proportion of both G.N.P. and total public spending on R&D. The rate of growth in R&D spending by the private sector is slipping as well.

Will this be a priority issue during our tenure at the Department of Commerce? What is your reaction to the suggestion of a recent Defense Science Board report that the Defense Department should play a bigger role in setting national economic policy and, in particular, in strengthening the non-military technological base of the economy? Do the report's conclusions suggest to you that the Department of Commerce's activities in this sphere should be expanded? If so, how?

ANSWER

No, I don't think the Defense Department should take the lead in promoting research in commercial technologies. DOD is really concerned about the industrial base for its own use (e.g., Sematech is vitally important to the DOD mission). to the extent that DOD technology has dual use, it should certainly be exploited by the commercial sector. However, precompetitive technology, by its nature, needs to be developed across a broad front. DOD funds only those areas related to its mission, as it should. The nation needs to be certain that the entire commercial base is provided for.

QUESTION 3:

Secretary Verity has acknowledged that the U.S.-Japan auto parts MOSS process has not yet yielded satisfactory results. Some informed observers, including industry participants, attribute the lack of satisfactory progress in part to the tendency of Japanese automakers to transplant their (often related) suppliers with them to the U.S., in effect forming a separate, vertically-integrated Japanese auto industry in this country.

Do you see this situation complicating the prospect for success in the auto parts MOSS process? Does it raise larger questions about the costs and benefits of direct foreign investment by companies from countries characterized by different norms of industrial organization than the United States? Given that industry experts estimate there is a window of opportunity of roughly two years for U.S. auto parts manufacturers to establish supply relationships with the Japanese transplants, what steps are you prepared to take to ensure satisfactory results during this period?

ANSWER

Obviously, the automotive industry is tremendously important to our economy -- accounting for almost 4 percent of GNP and employing some 11.7 million people. I am familiar with the MOSS talks problem in general terms, and I am committed to doing everything we can to obtain favorable results within the two year window of opportunity. Before answering your question in detail, however, I would prefer to examine the current situation, the reasons for the lack of progress and our options for future action.

QUESTION 4

Clyde Prestowitz, who was for five years the Counselor for Japan Affairs to the former Secretary of Commerce Malcolm Baldrige, has written a very provocative book about America's inability to compete with Japan. In it he laments that we do not adequately educate and train our leading trade policy makers. One of his recommendations is particularly relevant to the Commerce Department where I understand in recent years 27 of the 28 Deputy Assistant Secretaries and all the Assistant Secretaries were political appointees.

Mr. Prestowitz states that: "The political appointees who now mostly fill the upper levels of the government agencies should be limited in number in order to develop and retain skilled professionals who will provide continuity and institutional memory. No more than half the jobs in the top tiers of these departments should go to appointees."

Do you think this recommendation has any merit? If so, will you make efforts to ensure that career people fill more of the Deputy Assistant Secretary and Assistant Secretary jobs during your tenure at the Commerce Department?

ANSWER

The International Trade Administration has four Assistant Secretaries (including the Director General of the Foreign Commercial Service) and 23 Deputy Assistant Secretaries. As you know all of the Assistant Secretaries are by law political, appointees. There are currently 7 career civil servants among ITA's Deputy Assistant Secretaries, including one Foreign Commercial Service Officer.

POST HEARING QUESTIONS OF THE CHAIRMAN AND THE ANSWERS THERETO

1. Foreign industrial policies. Other nations clearly pursue policies to help their local industries. Western European countries, for example, require that up to 70 percent of all components going into electronic products must be locally made. Japan's policies are not as transparent, but despite concerted efforts in fields such as semiconductors, our companies still cannot sell more than a few high-tech products there. We may not like these policies, but they exist, and they affect American profits and jobs.

   If confirmed, how do you propose to respond to these practices? Will you simply ignore them or allow other agencies to negotiate away the interests of U.S. business? Will you enter into long and fruitless negotiations where the U.S. has no leverage and let promises substitute for results? Or will you develop a realistic strategy?

A: I am a strong advocate of free and fair trade, of improving American commercial competitiveness in international markets, and of reciprocity in market access. Open markets benefit consumers and improve efficiency; protectionism is not the answer. At the same time, however, if foreign protectionist policies inhibit U.S. company competitiveness and limit market access, we cannot tolerate those policies. Our trade policies must create a two-way street in bilateral trade relations. We must not sacrifice American exports and competitiveness in the face of restrictive foreign practices, since in both the short and long run this weakens our economy and compromises our national security.

The U.S. Government has made some very good progress in the past several years in reducing foreign barriers to trade, both through multilateral--notably GATT--and bilateral negotiations. The Commerce Department has applied anti-dumping and countervailing duty provisions in a responsive manner, and I am personally committed to aggressive enforcement of these laws, as well as the changes in these laws provided under the Omnibus Trade and Competitiveness Act of 1988. Also, the Reagan Administration used Section 301 actions effectively in cases such as semiconductors.

Under the 1988 Trade Act, we have the tools for still more forceful action if foreign governments do not respond by reducing existing tariff and non-tariff barriers to trade. I will make every effort to ensure that issues and specific cases are reviewed quickly and fairly, and that the interests of U.S. business competitiveness are served.

2. Trade Council. In 1947, the United States established a National Security Council to ensure that our security policies are well conceived and coordinated. But recent administrations apparently have thought so little of our economic security that they have not established a similar council to coordinate trade, industry and economic actions.

   If confirmed, would you support the creation of a Trade Council or, as some call it, an Economic Security Council, with an organization similar to the National Security Council and with equal stature?

   If you oppose such a council, how do you propose to end the interagency sqabbling and lack of clear direction which have hobbled our policies regarding trade and industry?

Answer

While there is always room for improvement, it is my understanding that the current system for policy development is working well. The Cabinet-level Economic Policy Council, established in 1985, does in fact serve as a forum for coordinating domestic and foreign economic policies at the highest level of government and providing advice to the President. Since its inception, the EPC has played a key role in developing Administration policies on trade and industry issues ranging from the Canada Free Trade Agreement, Japanese semiconductor sanctions, and the Uruguay Round to former President Reagan's 1987 Competitiveness Initiative.

I also believe the interagency process is working effectively at lower levels as well, through the established Trade Policy Review Group and Trade Policy Staff Committee structures. I intend to maintain close relations with the U.S. Trade Representative to ensure that this cooperation continues.

Finally, I believe that a number of the reforms contained in the 1988 omnibus trade legislation will help to ensure interagency coordination. Specifically, the new law: 1) clarified and strengthened the coordinating role of the U.S. Trade Representative in such areas as Section 301; 2) set forth clear requirements for the executive branch to report to Congress on a wide variety of trade policy matters and to consult with Congress on issues such as the GATT Uruguay Round negotiations; and 3) specified detailed procedures to ensure adequate executive branch consultations with private sector advisory committees on trade policy matters.

QUESTION:3. The Administration's latest budget had only a very slight increase in the U.S. and Foreign Commercial Service (US&FCS) budget. Yet, the dollar's low position against most foreign currencies means the 66 offices abroad have much less real money to work with.

Will this mean a reduction in services in overseas offices?

ANSWER: The effective operation of US&FCS will be a high priority which will receive my immediate attention. The previous Administration recognized the funding difficulties and requested a restoration of the purchasing power of the US&FCS overseas operations in both the 1989 and 1990 budgets.

The lack of purchasing power has meant that some overseas offices have been unable to keep pace with the rapidly rising demand for their services. As the dollar has declined, the opportunities for US exports have increased as has the demand for counselling and information services and market assistance provided by the US&FCS. Concurrently, due to the requirement to pay competitive wages to local employees in local currency and the need to obtain services from the local economy, there is less funding availability. I am informed that increased efficiencies have prevented a significant reduction in services to date but the demand continues to rise.

QUESTION: The US&FCS is mandated to assist small and medium-sized businesses in their exporting efforts. Yet, it has come to my attention that employees in the foreign offices also facilitate foreign investment in the States. Do you believe this is an appropriate activity?

ANSWER: The foreign offices do not focus their activities on foreign investment in the States. The main focus is on the promotion of U.S. exports through pro-active outreach and counselling activities. However, when asked to help a trade mission led by state officials, such as the Governor of a state, or a state development office to that end, they do so. Foreign investment does create jobs which in turn increase tax revenues.

The Trade and Competitiveness Act of 1988 requires that the US&FCS assist the efforts of States and others which seek to promote U.S. business interests.

4. Statistics on foreign investments. The Bureau of Economic Analysis (BEA) is responsible for collecting data on Foreign Direct Investment (FDI) in the U.S. and reporting that data in yearly and benchmark reports. These reports can run several years behind. Given the growing level of FDI, the need for accurate and timely data is increasingly important.

   Do you see a strengthening of BEA's data collection ability as either a necessity or a priority?

A. I will work to ensure that BEA will make every effort, within the limits of available resources, to publish the results of its surveys as soon as practicable.

A strong BEA data collection program is a necessity. BEA currently collects a wealth of information on foreign direct investment that gives a detailed picture of the levels, growth, country of origin, and regional and industrial distribution of FDI. These data are used to monitor, assess the impact of, and develop informed U.S. policy on such investment. The program has tried to balance the need for the information for U.S. Government policy purposes against the requirement under the Paperwork Reduction Act to minimize the reporting burden on survey respondents.

Some strengthening of BEA's program may be desirable in light of the rapid growth in FDI in recent years and the heightened public and policy interest in FDI.

5. Foreign investment. This country has a long history of attracting foreign investment -- starting, of course, at the beginning of the Republic and continuing through the 19th century, where foreign money helped to build America's infrastructure. Foreign investment is nothing new. However, the U.S. fell from its position as the world's largest creditor nation in 1982 to begin the world's largest debtor in 1986. This foreign money was coming in mainly to finance our budget deficits and our overconsumption, not to increase America's productivity.

What does this distinction mean for the future of this country? Can the U.S. continue to finance its budget deficits with foreign money?

Does it concern you that experts estimate that the U.S. will be a net debtor to the tune of $1 trillion by 1990?

A. According to official estimates, at the end of 1987 the net indebtedness of the United States to the rest of the world totaled $368 billion. There are some grounds for arguing that the official estimates understate the true U.S. net asset position and therefore overstate our net indebtedness. But leaving the arguments aside, two facts have to be kept in mind about our officially estimated net indebtedness position. First, in 1987 it amounted to only 8.1 percent of GNP. And second, the income required to service our external debt amounted to a quite small percent of GNP, probably not exceeding a percent or two.

While the trend of recent years in our net investment position justifies concern, what the above facts make plain is that it does not justify alarm.

For reasons quite independent of our international investment positon, the United States must come to grips with the Federal deficit problem and must improve its international competitiveness. Progress on both those fronts must be made. More favorable trends in our external accounts will automatically follow.

6. Europe - 1992. What can the U.S. government and in particular, the Department of Commerce, do to protect U.S. interests in Europe during the 1992 integration?

Answer:

The EC 1992 program will have a major impact on the way U.S. companies do business in Europe. The Commerce Department has taken a leading role among U.S. Government agencies in assuring that U.S. industry will not be disadvantaged by the changes that will be taking place between now and 1992.

The Commerce Department has established a major program of business awareness, problem identification, and problem resolution through an increased dialogue with the European Community and member state governments. One important element of that program is the creation of the Single Internal Market Information Service that provides detailed information, analysis and advice to U.S. companies doing business in Europe. So far, the Department has reached over 150,000 companies through mailings, and maintains a current list of over 6,000 companies actively involved in the 1992 program.

In addition, through the U.S. and Foreign Commercial Service, Commerce is sponsoring seminars and other programs around the country and through the commercial offices overseas, to keep U.S. companies informed.

Commerce is working with over 100 trade associations to analyze the impact of 1992 on particular sectors and to identify specific areas of concern. Commerce specialists have completed detailed analyses of the 1992 legislative directives, which will be available to U.S. industry and for use by Commerce and other Government agencies in determining U.S. policy in this area. Commerce is implementing an action plan to resolve specific problems.

The Department has urged the European Community Commission to become more actively involved in a dialogue with the U.S. Government and U.S. industry, to allow American companies to prepare for the changes resulting from European integration. It will become increasingly important that the U.S. Government consult with the Community on a timely basis on areas of specific concern, to assure that 1992 does not result in trade barriers for U.S. companies.

CHAIRMAN HOLLINGS - #7

Q. Small business trade issues. (At the request of Congressman Sisisky, House Small Business.) Many small business groups recommend that in order to provide "top level" attention to small business trade issues, the Department create a new Assistant Secretary in the International Trade Administration with specific responsibility for small buisness trade issues. A second option is to give a member of the Secretary's senior staff responsibility for coordinating the activity and direction of trade and small business programs in the Department. The Department's Industry Sector Advisory Committee for Small and Minority Business recommends the first option.

How will you provide high-level attention to small business trade problems? Do you favor either option?

A. Small business has played an increasingly important role in U.S. exports, and the sector is an important constituency for the International Trade Administration. The majority of Commerce's export promotion programs target firms that have not yet exported or entered a specific market. These tend to be small and mid-sized companies. Other specific initiatives include working with the Industry Sector Advisory Committee on Small and Minority Business for Trade Policy Matters to shape a unique trade event. This event, Export 89--The American-European Small Business Trade Congress, will be held in Frankfurt, Germany October 26-29. In addition, the International Trade Administration has been working with the Census Bureau to develop a Small Business Exporter Database to shed new light on the extent of small business participation in exporting.

It would be premature for me to state at this time what organizational or program changes, if any, might be necessary to give small business the support it needs in international trade. I can assure you that I believe assisting small business is extremely important.

The entire ITA program needs to focus on small and medium sized business firms. These firms have been responsible for much of the economic growth and job creation in recent years. They are now best positioned to take advantage of export opportunities.

Question 8. NIST. During his campaign, President Bush spoke often of the importance of science and technology. He told Chemical and Engineering News, for example: "Technology is America's economic fountain of youth. It is what keeps us prosperous and vital.... We must commit to increasing our national investment in research and development. Both government and business must devote more resources to R&D." Yet in the case of the main civilian agency for technology, the National Institute of Standards and Technology, Mr. Reagan's last budget requests FY 1990 funding lower than what Congress appropriated for FY 1989 — hardly a position in line with President Bush's statement.

In this time of growing international competition in technology, do you and the new President believe that NIST's technology assistance to industry should be cut? Will you work to reverse the Reagan proposal?

Answer: As President Bush has stated, the U.S must maintain its technology edge. Our economic success and national security depend on our scientific and technological progress. A critical step in this success, and a step that requires closer attention because it appears that this is an area in which we are falling behind our trading partners, is the rapid commercialization of our scientific advances.

The National Institute of Standards and Technology is, and will continue to be, the lead laboratory in the Department of Commerce in helping U.S. industry reap the benefits of advancing technology. The Omnibus Trade and Competitiveness Act of 1988 modified and restructured NIST "... to augment its unique ability to enhance the competitiveness of American industry ..." while maintaining its responsibility as lead national laboratory for measurements, calibrations, and quality assurance techniques needed by U.S. industry. NIST has been successful at working with industry and universities in joint investigations to advance what President Bush has called "base-building technologies" through such activities as its cooperative research program and its industrial research associate program. In addition, NIST's work in the development of measurement techniques used to assure equity in trade are critical to assure that "the rules of the game" are fair in both domestic and global trade.

With this recognition of the importance of technology in international competitiveness and of the role that NIST plays, this Administration is not coming into office with the intention of reducing NIST's effectiveness. It is possible that changes in funding levels will be required, but that cannot be determined until a review of the program is completed.

Question 9. Manufacturing technology centers. On December 20, Secretary Verity announced the first three DoC Manufacturing Technology Centers -- centers designed to help hard-pressed small and medium-sized companies automate and become more competitive.

Do you see a need for this program, and do you support the establishment of additional centers?

Answer: The Reagan Administration supported creating university-based interdisciplinary research centers in engineering, science, and technology. These centers bring the Federal Government, industry and university laboratories together to promote the long-term competitiveness of the American economy. The NIST/DoC Manufacturing Technology Centers are designed to enhance productivity and technological performance in U.S. manufacturing by transferring manufacturing technology developed at NIST to industry.

Congress authorized funding this program at a combined total of $40.0 million for fiscal year 1989 and fiscal year 1990. The $7.5 million appropriated in fiscal year 1989 has been awarded for an 18 month period running through fiscal year 1990. No additional funds have been requested in President Reagan's budget for fiscal year 1990. However, this program will be reviewed as part of the fiscal year 1991 budget submission. I will review the work of the centers, in consultation with Congress, and will recommend expansion of the program if appropriate.

Question 10: Commercializing superconductivity. The new superconducting materials, which conduct electricity with no resistance, have become a test case of whether American firms can commercialize an economically new technology before, or at least at the same time, as the Japanese. Japan's government and industry, of course, have invested large amounts of money to develop new types of products and related processing technology.

Earlier this month, a committee of the White House Science Council proposed that the United States form four to six government-industry-university research consortia to help speed American developments in this field.

Do you agree with this group's recommendations? Will the Bush Administration have an effective strategy to develop superconductivity, or are you content to abandon this field to others? And what role will NIST and the Department of Commerce play in any such program?

Answer: There is a clear strategy established by former President Reagan, in his Superconductivity Initiative of July, 1987, to ensure U.S. readiness in commercializing high temperature superconductivity. One of the primary objectives of this Initiative is to promote greater cooperation among the Federal Government, academia, and U.S. industry in basic and enabling research and the swift commercialization of superconductivity technology. The present administration strongly supports partnerships between business, universities, and government to advance technology and to rapidly transfer new knowledge from the laboratory to the marketplace.

President Reagan's Initiative called for the establishment of a number of "Superconductivity Research Centers", whose purpose is to conduct the required basic research in superconductivity and to serve as repositories of information to be disseminated throughout the research and development community. One of these Centers was established at NIST to focus on electronic applications of high temperature superconductivity. To carry out this role, NIST has received funding beginning in fiscal year 1988 to conduct a program in high temperature superconductivity to provide measurement methods and materials data needed by U.S organizations for developing practical superconductor products. As part of this program the Department of Commerce and NIST work closely with U.S. companies developing this technology for superconducting applications. This activity is consistent with the Omnibus Trade and Competitiveness Act of 1988, which assigns NIST a variety of functions including facilitating the rapid commercialization of products based on new scientific discoveries.

11. NOAA's role. In the statement accompanying Reorganization Plan #4 which established NOAA in 1970, President Nixon stated that:

> "That oceans and the atmosphere are interacting parts of the total environmental system upon which we depend not only for the quality of our lives but for life itself. We face immediate and compelling needs...for a better understanding of the total environment--an understanding which will enable us more effectively to monitor and predict its actions, and ultimately perhaps, to exercise some degree of control over them. Establishment of the National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce would enable us to approach these tasks in a coordinated way."

Today, facing such long-term threats as global climate change and the deterioration of our oceans and coastal areas, the need to improve that understanding seems more compelling than ever before.

If confirmed, what action would you take to ensure that NOAA provides the necessary leadership and research in these areas?

Answer:

I have a personal interest in NOAA from my years as an ocean sailor, and I am familiar with NOAA's ocean and weather programs.

I agree that it is imperative that NOAA provide scientific leadership to improve our understanding of the global environment. In fact, NOAA's contribution to understanding the greenhouse effect and climate change is significant. The agency is pursuing two major science initiatives in FY 1990 to continue to address climate and global change and the coastal oceans. Given my interest in NOAA, you can be assured that I plan to improve and broaden NOAA's traditional and increasingly vital role as a major source for environmental information for decisionmakers.

In addition, NOAA provides a unique and vital contribution to the federal government. For example, NOAA is represented on the President's Coordinating Council for Science, Engineering and Technology, Committee on Earth Sciences, which provided the strategy for the U.S. Global Change Research Program.

Also, NOAA has established a Coastal Ocean Program to focus on increasing our understanding and developing a predictive capability in three critical areas: environmental quality, fisheries productivity, and coastal hazards. In addition, NOAA works closely with the Environmental Protection Agency, NSF, DOE and Navy on coordinating coastal ocean research and resource management issues. I intend to make NOAA a driving force in this interagency effort.

12. NOAA fisheries management. Looking at the number of fishing trips he has taken in recent months, President Bush appears to understand the importance and benefits of managing our nation's fishery resources. The previous Administration annually proposed reductions of 30-40 percent for such activities.

    Can we expect more enthusiastic and enlightened support for NOAA fishery management and research in the Bush Administration?

ANSWER:

Fisheries management is absolutely essential to conserve the Nation's renewable, but highly vulnerable, living marine resources. If confirmed, I will continue to manage and develop this Nation's living marine resources. But it is becoming increasingly clear that we should consider new approaches to fund these efforts. We will work with the Congress to explore the best ways to fund fishery management programs. As funding mechanisms are considered, we must be mindful of the need to maintain product quality and the economic viability of our commercial fishing industry.

13. Saltonstall-Kennedy. In 1980, Congress stated that "the industry will have the initiative in determining the pace and direction of fisheries development" under the Saltonstall-Kennedy (S-K) program.

    Can you confirm that NOAA adheres to this understanding of the law and that priorities set by the industry will guide the S-K program?

ANSWER:

If confirmed, I will examine the S-K program implementation to ensure that the industry priorities truly guide the program. To carry out its mandate, NOAA has developed a consultative process to obtain broad industry advice. In developing S-K funding priorities, NOAA seeks advice from a wide spectrum of fisheries organizations including development foundations, trade associations, fishery management councils, and State agencies. In doing so, NOAA's objective is to develop a consensus on priorities that address the most critical issues that impact the stability and future growth of fisheries-based industries. In addition, the industry participates in the review of S-K applications and in the funding decision process.

14. Coastal Zone Management. The Coastal Zone Management program is a unique partnership between the federal and state governments. Through this program, states using federally-approved management plans attempt to balance economic development with environmental protection along the nation's coast. The Reagan Administration repeatedly tried to slash funds for the program, asserting that this management should be a state responsibility. Congress, on the other hand, has maintained that our coastal resources are a national asset and has restored the funding levels each year. The problems this past summer with widespread fouling of beaches and hazardous coastal water quality further emphasizes the need for a strong national focus on the coastal zone.

What is your view of Coastal Zone Management, and what plans do you have for the program?

Answer:

I am reviewing all aspects of the Federal/State partnership in Coastal Zone Management. I am aware of the position of the previous Administration on the funding for state grants to support state programs. I am also aware that the Coastal Zone Management Act expires September 30, 1990; reauthorization debate will begin early next year. I look forward to working with you to ensure that all issues associated with the reauthorization are thoroughly reviewed. The proper protection and wise use of our coastal zone and coastal resources are essential for the future of our economy and social well-being.

15. National Weather Service. In 1979, the Department of Commerce was responsible for about 45 percent of the Federal budget for weather forecasting operations and research. Over the past decade that percentage has been reduced steadily to just 21% for 1989.

Is the Department of Commerce trying to get out of the weather forecasting business? If not, how would you explain this trend?

Answer:

No, the Department of Commerce (DOC) continues to support the basic weather warning and forecast responsibilities of the National Weather Service. The trend cited is best explained by the fact that the total Federal budget has grown considerably since 1979. Since 1984, the relative amounts of budgets for the Department of Transportation (DOT), the Department of Defense (DOD), and NASA have increased more than the DOC budget for meteorological services and supporting research. This growth has included investments in new technologies by the other federal agencies. The DOC budget for operations and research will assume a larger share of federal funding for meteorological operations and supporting research as the programs for new technologies move into the production and delivery stage. DOC works closely with DOT, DOD and NASA, and we will periodically review the overall Federal weather operations and research funding to avoid duplication of effort.

16. **Weather Service offices.** I understand that the Department has submitted a proposal to the Office of Management and Budget to close down about a quarter of National Weather Service Offices in the current fiscal year, and an even larger number in fiscal year 1990. This is obviously an issue of great concern to the Congress.

    When can we expect to see the proposal for the current fiscal year?

    How can we be sure that such closures will not have a serious adverse impact on public safety and aviation?

Answer:

As the Bush Administration plans for FY 1990 are clarified the Congress will receive more specific information on NWS operations in the budget justification documents. However, I pledge to work with the Congress to implement cost-saving modernization while protecting the public safety and avoid any reduction in quality weather forecasting.

17. **Weather Satellites.** The Reagan budget request for FY 1990 proposes no funding for meteorological satellites, a decrease of $112 million.

    In light of the $200 million cost overrun incurred in the development of the latest GOES satellite, how can such reductions be justified? Will this proposal, in effect, leave the United States without adequate weather satellite coverage? What are the implications of the funding cut for subsequent budgets?

ANSWER:

The FY 1990 budget request for all NOAA satellites is $243.4 million, a decrease of $112.8 million from the FY 1989 appropriation. The FY 1990 reduction represents normal shifts in funding requirements for procurement and launch of satellites and is not a budget reduction in the sense of eliminating a program. All three satellite systems, polar-orbiting, geostationary and Landsat 6, are continued.

The FY 1990 Reagan budget includes $27.9M for the Polar-Orbiting System and $129.6M for the Geostationary System. The request will provide adequate funding to meet the polar-orbiting program procurement costs and planned launch schedules.

The Department's highest priority regarding the geostationary satellite system is the timely launch of GOES-I, the replacement for GOES-6, which recently ceased functioning. The proposed FY 1990 budget for the geostationary satellite system is sufficient to provide a July, 1990 launch of GOES-I, as presently scheduled. Additional funding would not enable NOAA to launch GOES-I prior to the scheduled date. I intend to make every effort to see that the GOES-I launch proceeds on schedule. The FY 1990 request covers NOAA's current estimate for GOES-I through M spacecraft costs.

18. Landsat. In your responses to the prehearing questions, you have emphasized the need to improve U.S. competitiveness. One area in which the United States has been the competition for many years is land remote sensing. In recent years, however, the Administration has proposed to terminate funding for continued operation of Landsats 4 and 5. In addition, we face a gap of months to years before Landsat 6 is launched. In short, we have turned over the business to the Europeans and the Japanese.

Do you intend to propose a reprogramming to continue operations of Landsats 4 and 5?

How would you weigh the relative importance of maintaining U.S. competitiveness in land-remote sensing against the goal of space commercialization?

ANSWER:

The Congress appropriated funds to operate Landsats 4 and 5 and the associated ground system only through March 31, 1989. The Department of Commerce does not intend to propose reprogramming to continue operations of Landsats 4 and 5. The Department has higher priorities for NOAA, such as continued operation and procurement of weather satellite systems and maintenance of adequate weather observations and forecasts, and no funds can be made available for Landsat operations. NOAA has requested the Department of Defense, Interior, and Agriculture, which are the Government's primary Landsat data-using agencies, to consider providing funds to operate Landsats 4 and 5 for the remainder of FY 1989. Without an additional source of funds, NOAA will have no other choice than to cease funding Landsat operations. If that becomes necessary, EOSAT, our Landsat contractor, could choose to continue operating Landsats 4 and 5 using part of their revenues from Landsat data sales.

A continued U.S. presence in civil land remote sensing is important. Our policies have been based on a commercially-oriented approach that significantly reduces or eliminates the cost to the Government, except as a purchaser of land remote sensing data.

19. President Reagan submitted his FY 1990 budget to Congress on January 9. Yet to date, Commerce Department agencies such as NIST have yet to submit budget estimates to Congress. This continues a trend of recent years, in which Commerce Department budget estimates are increasingly late.

Why do other departments and agencies submit their budget estimates on time, and yet the Department of Commerce is consistently weeks late?

What steps will you take to ensure that Congress receives administration budget estimates in a timely way?

Answer:

I understand that the Department of Commerce budget estimates were released on January 9, 1989, along with the rest of the Federal budget. Detailed briefings, including on the NIST budget, were provided to Senate Appropriations Committee staff on January 9. Senate Commerce Committee staff were also invited to the briefing and several attended. Commerce staff has indicated that there is no record of Commerce being traditionally "weeks late" and cannot speak to the record of other agencies. This year an extension to meet Administration requirements was requested and granted by appropriate staff. Given the facts as related to me, I see no need for specific steps to be taken. Special briefings on any aspect of the Commerce budget are certainly available.

20. The National Technical Information Service Act of 1988 (title III of P.L. 100-519) authorizes NTIS to "retain and, subject to appropriations Acts, utilize its net revenues ..."

> What steps has the Department of Commerce taken to implement this provision of law? Has the Department officially given NTIS authority to retain net revenues and to request Congressional appropriations to utilize these revenues?
>
> Will the FY 1990 budget request for the Technology Administration include a request to utilize NTIS net revenues? if not, why not?

The Department's Office of General Counsel is reviewing the NTIS Act of 1988 to determine whether its specific language does, in fact, provide the authority intended by the Congress. After this review is completed, we may find that some further legislative clarification will be required before NTIS can utilize monies collected on behalf of other agencies to fund the modernization program.

Pending completion of the General Counsel's review, we have not yet included a request to utilize NTIS net revenues in the FY 1990 budget request for the Technology Administration. Moreover, we are still reviewing the full implications of the findings and recommendations of "Informing the Nation: Federal Information Dissemination in an Electronic Age", the report recently released by the Congressional Office of Technology Assessment. We must be careful in determining how new technologies will be applied to specific NTIS markets, products and operations, and our review of the OTA report to date suggests that, while modernization is essential, a thoughtful and deliberate approach to the development of an "electronic NTIS" would be well-received by source agencies and users.

There are two areas of internal NTIS operations already identified for modernization: bar-coding technology for inventory control and product dissemination; and new information technology for the bibliographic control process which produces the NTIS database. Implementation plans for both of these projects will be completed during this fiscal year, at which time we will have the detailed cost and related information necessary for any determination of how these projects will be funded.

Question 21: Intellectual Property Rights

The global protection of U.S. intellectual property has become a primary objective of U.S. trade policy. The performance of U.S. copyright-based industries has been a bright spot in an otherwise dreary trade picture. As a result, Congress has passed measures designed to ensure the adequate and effective protection of U.S. intellectual properties abroad, including adherence to the Berne Convention and passage of the 1988 Trade Bill. The protection of intellectual property has been a priority in the current round of GATT negotiations and in bilateral trade negotiations.

Mr. Mosbacher, will the focus on the protection of intellectual property and the elimination of the trade distortions resulting from the lack of adequate protection continue to be a priority of the Commerce Department under your tutelage? Further, are you prepared to take swift and effective action against those countries that fail to adequately safeguard these properties, and will such action encompass the removal of a country from the GSP program, where appropriate?

Answer

As you correctly pointed out, the adequate and effective protection of U.S. intellectual property rights worldwide is indeed a primary objective of U.S. trade policy. Under my leadership, the vigorous pursuit of this objective will remain a priority of the Commerce Department. Not only will we continue to play a large role in promoting this objective in the current round of GATT negotiations as well as in other international fora, we will continue to ensure that this objective is taken into account when the U.S. negotiates or renews international science and technology agreements. The latter is a requirement of the 1988 Omnibus Trade Act. We will seek improvements in foreign protection through bilateral trade negotiations.

In addition, we are assisting the U.S. Trade Representative in the development of a list of priority countries that deny adequate and effective protection of intellectual property rights as mandated by the Trade Act. This is referred to as the "Special 301" procedure. The U.S. is required to self-initiate unfair trade practice actions against those countries that have the most onerous or egregious policies and practices in this area.

Recently, countries that have not provided effective protection for U.S. intellectual property rights have lost valuable trade benefits in the U.S. market, including under the GSP program. I intend to continue to support this approach where appropriate.

In efforts to achieve adequate and effective protection of U.S. intellectual property rights worldwide, the Department will continue to consult closely with the business community and ensure that their views and concerns are taken into account.

In conclusion, I can assure you that the Commerce Department is and will remain thoroughly committed to the pursuit of this most important objective and will strive to achieve it in an effective and expeditious manner.

22. At the end of 1988, Congress passed a bill, H.R. 4432, that would have required the Census Bureau to use a check-off format to count Asian Pacific Americans similar to the form used in the 1980 census. Several groups were concerned that the Census Bureau proposal to "lump" all Asian Pacific Americans into one 1990 census category would affect an accurate and fair count of individual communities. However, on November 9 President Reagan pocket-vetoed the bill.

Question:

Why has the Census Bureau proposed to change a format that worked well in 1980? And what is your personal position on this issue?

Answer:

The Census Bureau now has decided to use a format for the 1990 census race question that is similar to the format used in the 1980 census. The 1990 question includes check-off boxes for nine Asian and Pacific Islander (API) groups and a residual "Other API" category.

I agree with the decision of the Census Bureau.

23. Given the previous Administration's support of human rights and Soviet Jewish emigration, and particularly the useful role which the Department of Commerce played in pressing Soviets to respect these rights:

How do you view your role in pursuing our government's human rights agenda?

Do you plan to expand on Commerce's involvement in this area?

In which other areas can human rights be integrated in Commerce's agenda with the USSR?

Answer:

I intend to play a full role in the Bush Administration's efforts to advance human rights and freedom of emigration and will continue the Department's role in pressing the Soviets to respect these rights.

A fundamental improvement in U.S.-Soviet trade relations cannot occur without parallel improvement in other aspects of the relationship, including human rights. I will make this clear, especially my strong support for the Jackson-Vanik Amendment, in meetings of the Joint U.S.-Commercial Commission and other contacts with the Soviets. In addition, the Commerce Department's representation on the U.S. Commission for Security and Cooperation in Europe will provide an opportunity to make clear the United States' support for the full range of human rights.

24. The Freedom of Emigration Amendment to the Trade Reform Act (1974), otherwise known as the Jackson-Vanik Amendment, reflects a U.S. commitment to the fundamental principle of free emigration.

In that emigration from the Soviet Union has increased significantly over the last few years, yet is still far from the 1979 level, what are your thoughts on a consideration to repeal the Stevenson Amendment and/or waive the restrictions of the Jackson-Vanik Amendment?

Answer:

The rise in emigration from the Soviet Union is encouraging. Jewish emigration, which totalled almost 19,000 in 1988, increased throughout the year, reaching 3,652 in December, equivalent to an annual rate of 44,000. This is a very positive trend which should be continued. What is needed from the Soviets is sustained, significant emigration, as well as legal and procedural changes which will institutionalize and assure freedom of emigration. However, before a waiver could even be considered, there has to be a consensus among the American public, Congress, and the Administration that significant progress is being made toward the freedom of emigration objectives of the Jackson-Vanik Amendment.

25. As a prominent businessman, do you believe that private businessmen with economic ties to the USSR have a role to play in encouraging the Soviet Union to continue to improve its human rights record? If so, how can these businessmen be more helpful as these economic links expand?

Answer:

It is difficult to expect individual businessmen, while trying to make a sale against tough foreign competition, to raise forcefully these kinds of concerns. But I do think that business associations and groups could be helpful in explaining the firmness of our policy. I would expect that as economic contacts and links expand, there will be more opportunities for them to do so.

26. There has been considerable discussion in Washington concerning bank lending to the Soviet Union. Over the past several years, banks in the West have been extending massive amounts of credit to the USSR. "Untied" credits and loans, i.e. cash with no strings attached, are made, in the view of some, in a political vacuum, without consideration of human rights, or other national concerns. Others question the effectiveness of moving unilaterally against commercial credits.

> What do you think U.S. policy should be in this regard? Should the U.S. place restrictions on untied loans and credits to the USSR? If so, what kinds of restrictions would you advocate, and how would human rights fit into the equation?

Answer:

We need to continue a cautious policy that permits prudent Western commercial lending at market rates aimed at supporting an expansion of non-strategic trade with the Soviet Union, but avoids subsidized loans to the Soviets.

This is an area in which the United States needs to work closely with the allies who do most of the lending. The United States government does not extend loans or guarantees to the Soviet Union and American banks hold less than one percent of the Soviet Union's debt. The United States runs sizeable annual trade surpluses with the Soviet Union. Obviously the United States Government must monitor credit developments closely to ensure that they are in keeping with our vital national interests, laws and policies, and that agreed upon international rules are observed.

QUESTION:

The Commerce Department publishes a "Survey of International Automotive Restrictions." In this year's edition, the Japan section seems a little inadequate, given the U.S. automotive trade deficit with Japan.

First, the report gives short mention of a complicated multilateral distribution system. It is extremely difficult to sell imported cars through the domestic dealer networks. This is obviously not the case in the U.S., where Japanese cars are sold by half of the U.S. domestic dealers.

Second, the Commerce Department has been conducting MOSS talks on auto parts with Japan since 1986. It has led numerous trade missions to Japan. To date, very little has been realized from these efforts. The report states: "Close relationships among major suppliers and auto firms make it difficult for U.S. firms to join supplier networks."

Japan has a $200 billion auto parts market. Following the MOSS talks, we sold $2.4 billion in parts. That's 1.2% of that market. I believe that this report somewhat understates the problem.

o What efforts will you make to assure that the next report, under your Administration, will more accurately reflect the difficulties being faced in these markets?

o What efforts will the Department make to specific problems of access in this and other sectors available to USTR for inclusion National Trade Estimates?

o Will you support a stronger negotiating posture and full implementation of the Trade Act, including Super 301 (Section 1302) and the market access amendment of Section 1301 which defines government toleration of systematic anti-competitive practices by private firms as an unreasonable trade practice?

ANSWER:

The report which the Department has compiled is not a continuing report. It is a compilation of trade barriers designed to assist U.S. exporters and trade negotiators by providing a broad overview of barriers facing world automotive traders. The mention of a barrier in this compilation is meant to highlight that a problem exists and call the reader's attention to the nature of the barrier so that the exporter can seek more detailed information from the Department's specialists or other sources. This compilation is not intended to outline the numerous efforts this Department has engaged in over the past decade in attempting to increase the sale of U.S. automotive products to the Japanese industry. These have included the recent Auto Parts MOSS and the detailed discussions with Japan to ameliorate the effects of Japanese standards on U.S. auto exports, as well as the almost daily efforts of the U.S. trade policy establishment to open Japanese markets.

While these efforts have brought about progress, more work in this area certainly needs to be done. These efforts will continue and new initiatives will be undertaken when necessary. For example, the U.S. and Japanese Governments have agreed to continue to meet regularly in MOSS follow-up sessions for a five-year period ending in 1992. These sessions are designed to address ways in which the two automotive industries can cooperate in encouraging increased business opportunities for U.S. auto parts manufacturers with the Japanese industry. The meetings also will address any specific problems that U.S. parts manufacturers experience in their efforts to do business with Japanese companies. During this period we will continue to monitor the level of business sales by U.S. parts companies to the Japanese automotive industry. Most recent data indicate a nominal 52 percent increase (in nominal dollars) in U.S. parts sales to the Japanese auto industry over the equivalent (April - October) period last year.

As part of the trade bill, we are implementing the Fair Trade in Auto Parts Act (Quayle Admendment), including the formation of an industry advisory committee to assess future progress of the U.S. auto parts industry in selling to the Japanese.

As you noted, the 1988 Trade Act revamped the section 301 process and the National Trade Estimates report in a number of significant ways. While the U.S. Trade Representative is ultimately responsible for any actions under these provisions, Commerce will actively provide its advice regarding the nature of our market access problems, their effects on U.S. exports, and the appropriateness of action. Past NTE Reports have acknowledged the strong support provided by the Department in compiling the barrier information. As Secretary, I will fully support using the tools at our disposal to open up foreign markets to U.S. products. This importantly includes the amendments in our section 301 trade law.

HAZARDOUS WASTES

Q I understand your Deputy Assistant Secretary for Basic Industries is knowledgeable with respect to a revolutionary new American technology that completely destroys industrial hazardous wastes so that landfills are no longer necessary. Would you please provide me with a complete report on what you will do to see to it that your Department encourages this new approach before the Japanese or another country gets the jump on us again?

A: There is a very important relationship between environmental protection afforded by removing materials from the waste stream, and the need to develop markets, both domestically and internationally, for the recovered materials and removal technology. Since the Secretary of Commerce has been assigned the responsibility to promote resource recovery under the Resource Conservation and Recovery Act (RCRA), I assure you that I will carry out my duties.

The International Trade Administration has followed closely the developments regarding hazardous waste and has organized two meetings that touch on this issue. The first focused on goverment policies that inhibit recycling and resource recovery. The second emphasized the need to develop markets for the recovered materials to ensure that the materials recovered end up as an economic good, not simply diverted to a landfill. We will examine how we might build on these effots.

We will look into the export potential of U.S. technology and recovered materials. Large volumes of waste paper are now shipped from California to the Pacific Rim countries, where some of this materials is converted to liner board that is then sold to other Pacific Rim countries. The Department has proposed the use of the Export Trading Company Act to firms in this industry to enchance the export potential of this sector. In discharging our RCRA duties, the Department will remain cognizant of the trade value of our exportable materials and technology.

POSTHEARING QUESTIONS OF SENATOR INOUYE
CENSUS

1. I am pleased that the Census Bureau has decided to implement legislation passed by the 100th Congress, but vetoed by President Reagan which requires a list question for the 1990 census that would include categories and check boxes for nine Asian and Pacific Islander groups. This was the format utilized in the 1980 census.

I am concerned, however, that the data obtained in the 1990 census be compiled and made accessible in a timely manner. As I understand it, the complete tabulation on Asian and Pacific Islander Americans was not made available to the general public until 1988, and the Census booklet of statistics on these two groups was just released. There is no excuse for a 8 or 9 year delay. The information is no longer accurate. This leads to under-representation and the possibility of less Federal aid to Asian and Pacific Islander communities.

Q: What do you intend to do differently in the 1990 census to avoid such an inexcusable delay?

When can the general public expect to be able to gain access to the complete 1990 census tabulation on Asian and Pacific Islander Americans? One year? Two years?

A: One of the major objectives of the 1990 census is to tabulate and publish the data more quickly than the 1980 census. The Census Bureau already has taken steps to achieve that goal. Data for Asian and Pacific Islanders will be included in the 1990 census standard products, as we did in 1980. The standard products for 1980 were published on a flow basis from 1981 through 1984. Additional special products have been released throughout the decade. Our aim for 1990 is to release all data products earlier.

Starting in mid 1991, the Census Bureau plans to release the 100-percent counts on at least 26 Asian and Pacific Islander groups. General characteristics for at least all Asian and Pacific Islander groups will be released in a standard product, beginning in early 1992. Additional characteristics, based on sample tabulations, will be available in late 1992 or 1993.

This time table will be a definite improvement over the 1980 census time table. Also, the 1990 products will show information for more Asian and Pacific Islander groups.

2. I am pleased to hear that your top priorities include insuring the ability of the National Weather Service to provide accurate forecasts and timely warnings for public safety. I understand that the GOES West satellite, which covers Hawaii and the Pacific islands, went dark this past weekend. I further understand that NOAA plans to move the GOES East satellite toward the center of the United States to accommodate the loss of GOES West until a new satellite is launched, at the earliest, in mid-1990. As a result, it will take from one to one and one-half days longer to detect storms in certain areas. In fact, according to a memo issued by NOAA yesterday, during the period of one-GOES coverage, Hawaii and Alaska will be most severely hurt by lack of adequate satellite weather imagery.

Pacific based hurricane reconnaissance was eliminated some time ago, and the Air Force would like to terminate its remaining hurricane reconnaissance responsibilities. I am informed that the Air Force spends approximately $25 million on this program annually, and that with the same equipment, NOAA is capable of performing this service for approximately $12 million to $17 million annually.

> What is your position on the transfer of the hurricane reconnaissance program to NOAA? In light of the loss of GOES West, would you support the expansion of the hurricane reconnaissance program to provide additional coverage until the successful launch of a new satellite? What, if anything, will you do to persuade the Air Force to transfer the funds and equipment for this program to NOAA?

ANSWER:

The Air Force announced its intention to discontinue hurricane reconnaissance activities by April 1991. Airborne data for both hurricanes and winter storms is now and will be a NOAA requirement for producing accurate and timely forecasts and warnings. The areas of coverage necessary for inclusion are the coastal areas of the United States, including Hawaii.

In July 1990, NOAA plans to launch a new GOES satellite. In between now and then, NOAA and the Air Force will continue vital hurricane reconnaissance flights in the Pacific and augment data collection activities by using data buoys. These activities should provide the Pacific region with necessary coverage until a two GOES satellite system is restored.

The Department of Commerce's primary policy is to continue to obtain adequate hurricane and winter storms data to support NOAA's operational forecast missions. Continued reliance on the current arrangement in which the U.S. Air Force has responsibility for reconnaissance is our preferred policy position.

The Department of Commerce, and other interested agencies, are undertaking technical studies to evaluate the benefits and costs of a possible transfer of hurricane and winter storms reconnaissance responsibilities and assets from the U.S. Air Force to NOAA. This study will be completed by June 1, 1989.

If NOAA is not able to obtain adequate hurricane and winter storms reconnaissance data from the U.S. Air Force or other sources, then the Department will take steps based on the recommendations which will be contained in the June 1989 report.

3. The National Undersea Research Program (NURP) is one of many NOAA programs which the Reagan Administration repeatedly tried to eliminate, and Congress continuously restored. The NURP program continues to provide valuable knowledge and enhanced capabilities particulary in the identification and development of resources in the U.S. Exclusive Economic Zone. Do you feel that the NURP program performs an important role in NOAA's mission? What kind of support can Congress expect from you for this program?

Answer:

The National Undersea Research Program (NURP) program does contribute to NOAA missions, such as fisheries research and assessment, coastal processes, and environmental changes, both natural and man-induced. NURP broadly supports the missions of other agencies which should contribute to the overall cost of the program. Within the constraints of the current budget, I am prepared to reassess this program once confirmed as Secretary.

4. What role, if any, do you feel NOAA should play in the characterization and development of the U.S. EEZ?

ANSWER:

NOAA has the capability and experience to play a major role in the U.S. Exclusive Economic Zone (EEZ). NOAA, in conjunction with the U.S. Geological Survey, is conducting an EEZ mapping and research program. NOAA also plays a lead role in understanding ocean processes, managing and assessing impacts on living resources of the EEZ, and working with coastal states concerning management of coastal activities. Because of these capabilities and its experience in the regulation of deep ocean mining activities, NOAA should be considered as lead agency for regulatory responsibility as Congress continues to address what should be the appropriate legal regime for EEZ hard minerals development.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

5. The 100th Congress authorized and appropriated funding for NTIA to establish and administer the Pan-Pacific Educational and Cultural Experiments by Satellite program, commonly referred to as PEACESAT.

PEACESAT began in 1971 when the University of Hawaii and NASA entered into an agreement to use the ATS-1 satellite to provide information and services between educational public, non-profit institutions connected by over 100 earth stations in 23 Pacific Basin locations including American Samoa, the Northern Marianas, Guam, Papua New Guinea, New Caledonia, Tonga, Fiji, the Federated States of Micronesia and the Cook Islands. In August 1985, the ATS-1 ran out of fuel and was decommissioned, but returned to temporary service in late 1988. NTIA is currently in the process of acquiring an interim space segment for PEACESAT to replace the ATS-1, and investigating more permanent solution to PEACESAT's needs.

Q: What kind of support can Congress expect from you for this program?

A: The Department of Commerce has been supportive in implementing the PEACESAT program. With funds appropriated from Congress, NTIA has been actively involved in finding a permanent long-term solution for the replacement of the ATS-1 satellite. A highly professional team has been formed that is examining the most feasible alternatives for restoring service to the Pacific Basin region. In December, 1988 the Department of Commerce approved funds to acquire equipment for the immediate restoration of the PEACESAT service for a number of island nations. There also has been a series of discussions with the NAVY, NOAA, and NASA regarding future plans for the PEACESAT as well as meetings with potential satellite providers such as INTELSAT, INMARSAT, and the Amateur Radio Association. NTIA provided a progress report to Senator Inouye in December, 1988 and is scheduled to provide a final report on a more permanent solution to PEACESAT's needs by September 30, 1989.

6. How many qualified individuals has the Census Bureau hired who are bilingual and sensitive to the needs of the particular Asian and Pacific Islander American communities to ensure that reasonable efforts at community outreach will be made to get the most precise and accurate count of Asian and Pacific Islander Americans in the 1990 census?

A: The Census Bureau currently employs 22 Asian and Pacific Islander Americans as Census Community Awareness Specialists in our Regional Census Centers and at headquarters. Among Asian and Pacific Islander populations across the nation, these professionals will enlist the support of organizations, educators, service providers, and other members of the community in encouraging full and accurate reporting of all persons in the 1990 Decennial Census.

One of the important goals for hiring census enumerators is that they be representatives of the areas in which they will work. Census district office managers are instructed to hire a representative work force. In addition, their performance in meeting this goal is monitored and evaluated. Census is just beginning to open and staff the first of these offices.

On a continuing basis, we will strive to attract qualified Asian and Pacific Islander American candidates for operational management positions in our field organization. Asian and Pacific Islander Americans are, in fact, already represented in operational jobs through the Assistant Regional Census Manager level.

POSTHEARING QUESTIONS OF SENATOR FORD AND THE ANSWERS THERETO

1. As we discussed during the hearing, please tell me how U.S. industrial capacity in 1988, particularly in manufacturing, compared with the size of U.S. industrial capacity in 1978. I would like the 1988 figures to reflect the recent revisions that the Bureau of Economic Analysis has made in its estimates of U.S. manufacturing output.

A. According to Federal Reserve Board estimates, industrial capacity in 1988 was 31 percent higher than in 1978. The average annual growth rate of capacity over the ten-year span was 2.7 percent. The Department of Commerce does not measure the level of industrial capacity. An annual survey of the rate of capacity utilization in manufacturing, conducted by the Census Bureau, is one source for the Federal Reserve Board estimates.

The Bureau of Economic Analysis has not recently revised its estimates of manufacturing output. However, an article in the July issue of the Bureau's Survey of Current Business summarized the issues surrounding the estimates of manufacturing output and committed the Bureau to reexamine the way it prepares the estimates. That reexamination is now in progress.

New estimates of output by the Bureau, when they appear, do not necessarily lead to revisions in the Federal Reserve Board's capacity estimates.

2. What plans does the National Weather Service have regarding weather offices in Kentucky? Are there proposals to eliminate or reduce staffing at these offices; and, if so, what is your personal reaction to these proposals?

ANSWER:

There are plans, which will be reviewed before a decision is made, recommending the closure of offices across the country, including Kentucky. When the Administration has completed its review of these proposed actions, we will share them with you and other Members of Congress. These proposals are due to budget constraints and difficult decisions must be made.

POSTHEARING QUESTIONS OF SENATOR ROCKEFELLER AND THE ANSWERS

1. I have recently received a letter from William Evans, the Under Secretary for Oceans and Atmosphere, in response to an inquiry I made, saying that the closing of weather station offices is one option being considered in view of an FY 1989 budget shortfall.

I am very concerned about reports that the weather service is considering closing two weather service offices in West Virginia--Elkins and Parkersburg--and changing two weather service offices from full-time to part-time status--Beckley and Huntington.

Weather service offices serve a vital warning and function in my state which has been the victim of serious floods and other dangerous weather conditions. Furthermore, weather stations are a key part of the safe, daily operation of the Nation's air transport system. Anyone who has flown in the fog in West Virginia's airports would understand the importance of a current weather forecast.

> Could you please let me know which weather offices in my state you plan to close? Which offices you plan to change from full-time to part-time status? What staffing changes do you plan to make in West Virginia's weather service offices? Will any of these changes alter air service (the number of flights) to my state? Will the closing of these offices affect the ability of West Virginians to receive a warning of impending danger due to weather conditions? How much notice will we receive about the closing of weather station offices in our states?

Answer:

Various options are being considered to take care of the FY 1989 budget shortfall in the National Weather Service. Since no decisions have been made, I am unable to advise you about any possible changes which may affect West Virginia. I can assure you that the Department will notify the Congress before taking any action to close NWS-staffed weather offices.

A decision has been made to reduce staff at a number of weather service offices. These staff reductions will be achieved by attrition, where possible, and by directed reassignments. These reductions could reduce hours of service at certain locations around the country. You will be notified if any of these changes affect offices in West Virginia.

2. I am deeply concerned about the quality of appointments in the Commerce Department at the Assistant Secretary and Deputy Assistant Secretary levels. The Department seems to bring in a proliferation of political appointees, and many have had little or no experience in the areas of their responsibility. This is a particular problem in the International Trade Administration. I am not referring to these individuals' honesty, integrity, or willingness to work hard. The problem is that they have to go head-to-head with negotiators and policymakers from Japan, Korea, Taiwan, the European Community, and other countries where their counterparts have been working in the field for decades. This puts us at a great disadvantage right in the beginning.

What will you do to change what seems to have become a damaging pattern in the Commerce Department?

Answer:

I agree with you that experience is important when it comes to head-to-head negotiations with policymakers from our trading partners. Some of the key positions at Commerce will be filled by individuals with substantial experience in these matters. I would also point out that all of the political appointees will be able to call upon the years of experience of the Commerce career professionals. However, it is also important to bring into the Department highly qualified and energetic individuals who can bring a fresh perspective to the thorny issues which we will be encountering. I am confident that you will find that the individuals selected for the Department will demonstrate an outstanding mix of both types of individuals.

3. The GAO recently issued a report entitled "Export Promotion: Problems in Commerce's Programs" which was quite critical of the export promotion programs of the International Trade Administration. GAO, for example, found that Commerce's management of trade events abroad, primarily trade shows and trade missions, was in "a state of disorder." GAO recommended a complete reorganization of this unit to improve efficiency and to eliminate some of the duplication and waste that it uncovered. They also made several suggestions which would result in cost savings by eliminating some of the excessive levels of management positions in the present structure.

How do you propose to improve the management of trade events by ITA?

Answer:

We are proposing to:

o Improve event planning by establishing clear goals and priorities; shortening the planning cycle by six months; and improving input from U.S. industry on its promotional needs.

- Improve accountability by monitoring recruitment status and cancellations more closely.
- Strengthen recruitment by improving the quality of recruitment packages, creating performance incentives for recruiters, and using improved direct mail marketing techniques.
- Improve communications among trade promotion units by creating a standing internal group on trade promotion to advise the Deputy Under Secretary for International Trade.

Long-term efforts, such as GAO's and other proposals to reorganize ITA, require considerably more study and are a priority item on our agenda.

4. Could you characterize the current state of global steel trade? Has trade in steel become more "free-trade" oriented in the last few years?

Answer:

Global steel trade has increased substantially in the last several years. Exports of semi-finished and finished steel products worldwide increased 36 percent between 1975 and 1986, the most recent year for which data is available. At the same time, exports as a percentage of total world steel production increased from 23 percent in 1975 to 26 percent in 1986. As the world steel market is currently in the middle of a boom which began in 1987, recent trading levels probably have been higher.

The U.S. steel industry has been able to take advantage of this strong market: between 1986 and 1988, exports of U.S. steel products increased an estimated 93 percent, and are forecast to increase a further 38 percent in 1989. However, U.S. exports still account for only a very small fraction of total U.S. steel production, let alone world steel trade.

Even though there has been an increase in world steel trade, most major foreign markets continue to have significant barriers to steel products. Further, the question of fair trade is of even greater importance. The United States has made great efforts to create a level playing field in world steel trade. However, there continues to be significant world steelmaking overcapacity which can undermine the principles of free trade in steel.

5. Do you intend to advocate implementation of the "melt and pour" provisions of the 1988 trade bill in order to maintain an effective VRA program?

Answer:

These provisions are valuable tools to combat the circumvention of our VRAs. While we actively continue to enforce our unfair trade laws and pursue bilateral solutions with non-VRA country governments under the current steel program, I will not hesitate to advocate implementation of these provisions if our other tools do not solve the problem.

The future shape of the steel program after its expiration on September 30, 1989, is being debated now. One of the key issues of any future program is the country coverage. Perhaps some of the more aggressive non-VRA countries will be covered. If not, the tools provided by the 100th Congress may have to be used should circumvention of the steel program persist.

6. Coal is of great importance to me and to my state. The Free Trade Agreement with Canada provides for the free flow of electricity between the United States and Canada. The coal industry is worried that subsidized Canadian energy may supplant coal-fired plants in this country. Therefore, the Statement of Administrative Action that accompanies the FTA includes a comprehensive study, to be completed within two years, on subsidies in both countries to electric utilities.

- When will the Administration approach the Canadian Government about initiating this study?

Answer:

The creation of the Subsidy Work Group will be one of the issues to be addressed by the new FTA Trade Commission when it has its first meeting in March 1989. It is expected that once the Subsidy Work Group is established, the electricity subsidy study will be raised with the Canadian Government.

7. In 1983 President Reagan and Japanese Prime Minister Nakasone signed a "Joint Policy Statement on Energy Cooperation." When President Reagan met Prime Minister Takeshita in January of last year, they reaffirmed this statement. The 1983 agreement said, and I quote,

> "Japan expects that imports of competitively priced U.S. metallurgical coal will not continue to decline, and will encourage its steel industry to increase U.S. coal imports when conditions in the industry permit."

Despite this commitment, Japan's coal imports from the United States dropped from 16.2 million tons in 1983, the year of the agreement, to a low of slightly over 10 million tons last year. Note that even the 1983 imports of 16.2 million tons were significantly below the 1981 statistic of 26 million tons.

I have taken every opportunity to encourage Japanese government and business leaders to implement this commitment fully. In the Japanese fiscal year ending March 30, they will probably import between 12 and 13 million tons of coal from the United States. This increase is due to strikes in Australia, transportation problems in China, and increased demand for metallurgical coal by Japan's booming steel industry. The United States has proven to be a reliable supplier of coal in Japan's time of need. Both countries can be best served by long-term arrangements in coal trade, and I hope the Japanese will finally begin to move in this direction.

I have received excellent assistance and cooperation from the Commerce Department in the past in my efforts to increase Japan's imports of American coal.

Will you continue to provide this valuable help?

Answer:

Senator Rockefeller, we look forward to continuing to help you promote U.S. coal exports to Japan. Japan remains our largest overseas customer for U.S. coal, and your efforts have been instrumental in maintaining this trading relationship.

The Administration will continue consultations with the Japanese Government to increase U.S. energy exports to Japan. We expect that the principles outlined in the "Joint Policy Statement on Energy Cooperation" will remain the goals of our bilateral consultations.

8. Tourism became America's largest export in 1987, generating nearly $25 billion in export earnings.

How do you plan to allocate the Department's resources so that our most lucrative and promising exports receive priority? What are your goals and objectives for USTTA?

Answer:

Tourism makes an important contribution to the Nation's economy as a whole and to the balance of trade in particular. USTTA and the enhancement of its programs is one of the goals of this Administration. Tourism export promotion and facilitation of the entry of small and medium-sized travel companies and lesser known destinations into the international market are among my highest priorities.

The goals and objectives I set for USTTA and the resources allocated for the agency to carry out its mission will be determined after I have had an opportunity to review USTTA's strategic plan with the agency's new Under Secretary. This plan outlines the role USTTA sees for itself, its relationship with the industry, its relationship with other agencies of the Federal government, and the funding it believes is necessary to fulfill its mandate under the National Tourism Policy Act of 1981.

9. The private sector has consistently opposed various government proposals to fund USTTA through user fees on international travelers. The latest budget again calls for such legislation to be proposed.

> What is your opinion with respect to this idea, and how would you develop a fee that would equitably distribute the revenue-raising budget over the industry?

Answer:

The airlines and cruise lines consistently opposed the previous Administration's fee proposal on the grounds that it unfairly singled them out.

There should be an early meeting among industry, Congressional, and Administration leaders to negotiate a consensus on a fee funding formula for USTTA. I am interested in seeing that the agency has the funds it needs to carry out its important work. If the only way that can be assured is through some sort of a facilitation fee, then we need to reach agreement with all parties concerned as quickly as possible.

10. In 1987, Senator McCain and I introduced a technology extension bill, S. 1319, aimed at helping small and medium-sizedd businesses gain access to new technological research. An amended version of my technology extension bill was included in the Trade Bill and made part of the mission of the National Institute of Standards and Technology.

Recently, I have seen a series of articles in the Washington Post and other publications referring to the need for an agriculture extension-type program for technology. There seems to be increasing recognition that we need to commercialize our top-notch basic research.

> What proposals do you have for helping businesses gain access to new science and technology? Do you support the technology extension work that is being done at the National Institute of Standards and Technology? Do you foresee any likelihood of an expansion of that work?

Answer:

An important mission of the Technology Administration and the National Institute of Standards and Technology (NIST) is to enhance the competitiveness of American industry. A key element of this mission is helping to improve the way in which American business acquires and applies the fruits of Federal research for the generation of new products and manufacturing processes.

The NIST is already doing quite a bit to make small and medium-sized businesses aware of its research programs and activities, and to stimulate the transfer of its technological developments to the private sector. Examples include the sixty-seven year old NIST research associate program, the related guest researcher program, the numerous cooperative research projects in which NIST is currently engaged, the NIST Energy Related Inventions Program, its active participation in the Small Business Innovation Research program, and the leadership position held by NIST in the Federal Laboratory Consortium.

The new assignments under the Trade Act will provide additional opportunities for NIST to do an even better job. The Regional Manufacturing Centers Program has made three awards this fiscal year, a study of State technology extension services is underway, and NIST is preparing reports on its cooperative activities with small businesses and the development of an initial implementation plan for a Non-Energy Related Inventions Program. Although no funds have been requested for these programs for FY 1990, the results of these programs and studies will be reviewed as part of the FY 1991 budget submission.

There are some things that NIST can do within available resources in response to the authorization contained in the Trade Act. NIST will intensify its efforts to maintain and extend contacts with selected State technology assistance leaders developed in the context of the above-mentioned study, to identify and disseminate NIST research and development activities having commercial potential, and to conduct workshops and conferences in order to promote these interactions and advertise these opportunities.

In addition, the new Federal Technology Transfer Act provides an excellent framework for businesses to engage in cooperative research with Federal laboratories and to gain access to state-of-the-art technology developed at these facilities. Commerce's Office of Federal Technology Management, a part of our new Technology Administration, provides all agencies with general guidance on implementing it and I will very shortly be submitting to Congress a report on how agencies are using its authorities. At this time, I will make appropriate recommendations for improving its effectiveness. I am particularly concerned that firms are not able to benefit from the very valuable computer software that is often produced at these facilities.

11. The Council on Competitiveness, chaired by John Young, recently came out with a report called "Picking Up the Pace: The Crucial Challenge to American Innovation." One of the recommendations of the Council was that the National Bureau of Standards (now known as the National Institute of Standards and Technology) budget should be systemically increased. The Institute is the one agency devoted exclusively to what everyone talks about as one of our greatest barriers to competitiveness --the commercialization of basic research and the need to improve the way we manufacture goods.

President Bush has made several good statements about the importance of research and development to our Nation's competitiveness. Yet the Reagan budget request for the Institute for 1990 is even less than their 1989 budget request.

> Does the Bush Administration plan to change that budget request to ask for increased funding for the Institute for 1990?

Answer:

As President Bush has stated, the U.S. must maintain its technology edge. Our economic success and national security depend on our scientific and technological progress. A critical step in this success, and a step that requires closer attention because it appears that this is an area in which we are falling behind our trading partners, is the rapid commercialization of our scientific advances.

With this recognition of the importance of technology in international competitiveness and of the role that NIST plays, this Administration is not coming into office with the intention of reducing NIST's effectiveness. In the development of the 1991 budget, the NIST programs will be evaluated and an appropriate funding level will be recommended. It is possible that changes in funding levels will be required, but that cannot be determined until the review of the program is completed.

POSTHEARING QUESTIONS OF SENATOR BENTSEN AND THE ANSWERS

1. **As we discussed during the hearing, please provide me with additional information on the proposed transfer of hurricane observation aircraft from the Air Force to NOAA.**

ANSWER:

The Air Force announced its intention to discontinue hurricane reconnaissance activities by April 1991. Airborne data for both hurricanes and winter storms is now and will be a NOAA requirement for producing accurate and timely forcasts and warnings. The areas of coverage necessary for inclusion are the coastal areas of the United States, including Hawaii.

The Department of Commerce's primary policy is to continue to obtain adequate hurricane and winter storms data to support NOAA's operational forecast missions. Continued reliance on the current arrangement in which the U.S. Air Force has responsibility for reconnaissance is our preferred policy position.

The Department of Commerce, and other interested agencies, are undertaking technical studies to evaluate the benefits and costs of a possible transfer of hurricane and winter storms reconnaissance responsibilities and assets from the U.S. Air Force to NOAA. This study will be completed by June 1, 1989.

If NOAA is not able to obtain adequate hurricane and winter storms reconnaissance data from the U.S. Air Force or other sources, then the Department will take steps based on the recommendations which will be contained in the June 1989 report.

POSTHEARING QUESTIONS OF SENATOR BREAUX AND THE ANSWERS

QUESTION 1 "---how do you propose to implement your strategy of reducing the trade deficit by, in part, increasing trade opportunities for small and mid-sized businesses at the state level? Will you consider the value of a more flexible approach in utilization of scarce manpower? Would you consider the usefulness of increasing the number of personnel in high need and high interest areas?"

The International Trade Administration (ITA), as the lead office in the development of and support of US exports, is working at all levels and through many different channels, both public and private.

1). A major awareness program, EXPORT NOW, is a joint public/private cooperative effort.

2) Through the Trade Opportunities Program (TOPs) and the HOT TOPS program, the domestic offices have access to "hot" trade leads from overseas within 24 hours.

3)Commercial News USA reaches out to potential customers for small business at a minimum cost.

4)Match Maker trade missions introduce the small and new-to-export small business to potential agents, distributors and customers.

5) Close coordination with the SBA Small Business Development Centers and an extended pilot program with the National Association of State Development Agencies, involving sixteen states, reflect efforts to reach out to the small business community.

Any organization with limited resources must have the flexibility to allocate or reallocate those resources as needs change. The US&FCS is already taking steps to address high need and high interest areas through the Domestic Resource Review Committee. Based on statistical studies and regional manager recommendations, the committee sets priorities and makes personnel assignments in those areas with the greatest staffing needs.

In addition, District and branch offices, where appropriate, have been located in world trade centers, state offices, and associate offices to minimize costs and to coordinate efforts with other export promotion agencies. For example, the New Orleans District Office is located in the World Trade Center where assistance can be made available on a "one stop shopping" basis. In some areas, specialists from the District Offices regularly work out of the offices of local Chambers of Commerce or other state or municipal offices to set up appointments and to meet with local businesses interested in exporting. The US&FCS also is utilizing the support and outreach generated by the 1700 volunteer members of the District Export Councils (DECs) and the over 700 Associate Offices commited to supporting the mission of the department.

Increasing our efforts with the small business community will be a high priority of the Commerce Department. I will encourage our US&FCS staff to get out and work with the small business community at the state level and will actively enlist the assistance and advice of small business trade associations at the national, state, and local levels to work with us in developing programs that respond to the needs of the small business community.

Question: The Shipbuilding industry is of fundamental importance to our national defense and to commerce. That industry is of particular importance to the State of Louisiana.

Foreign shipyard subsidy practices are distorting the commercial shipbuilding market. Subsidies make it impossible for U.S. yards to even contemplate competing with foreign shipyards for commercial ship construction. Shouldn't this be a priority in this Administration for agencies such as yours that are involved in trade negotiations as well as the Office of the U.S. Trade Representative?

Answer: Senator Breaux, I share your concern with regard to the distorting effect of foreign subsidy practices on the commercial shipbuilding market. While commerce shipbuilding issues are primarily the responsibility of the Department of Transportation's Maritime Administration, I am willing to work with MARAD and other agencies to pursue the elimination of shipbuilding subsidies. This issue is already under consideration by a Working Group of the OECD's Maritime Transport Committee. The Working Group is also pursuing the possibility of cooperating with non-OECD shipbuilding nations. Other avenues available to us include either bilateral negotiations with major subsidizing countries, or raising this issue multilaterally in the Uruguay Round of GATT negotiations.

American shipyards can compete successfully with shipbuilders in Europe and Asia. U.S. competitiveness was demonstrated recently when a West Coast shipyard won contracts from foreign firms to build deep sea fishing vessels. For our part, we in the government can work to assure that the conditions of competition are fair by seeking to eliminate foreign subsidies.

U.S. -CANADA SOFTWOOD LUMBER AGREEMENT

Q: "In 1986, the U.S. lumber industry was forced to file a countervailing duty case against subsidized Canadian lumber imports. Despite record high demand and having the most efficient equipment available, the U.S. industry suffered some terrible losses. Over 600 U.S. mills were forced to close while Canadian mills, operating on subsidized timber, were opening. That case was concluded when the United States and Canada entered into an agreement whereby Canada imposed a 15% export tax on lumber shipped to the United States. Recent indications are that the Canadian industry is urging its government to abrogate that agreement. Can you give this Committee your specific assurance that under you leadership the Department of Commerce will fully enforce the terms of the U.S/canada Softwood Lumber Memorandum of Understanding and respond strictly to any efforts to breach that agreement?"

A: "Yes. As Secretary of Commerce, I will be firmly committed to fair trade and to upholding the United States' responsibilities in all its trade agreements.

First of all, I am aware of the importance of this agreement to our industry since it eliminated unfair Canadian lumber pricing and I intend that the close consultations with our industry will continue. Based on consultations with our industry and depending on actions taken in Canada, I intend to do whatever is necessary and appropriate to enforce the terms of the agreement."

Q: "Since the adoption of the Softwood Lumber Memorandum of Understanding, the International Trade Administration's Office of Compliance has been largely responsible for its enforcement. Every effort has been made to ensure that the office has adequate personnel to fully enforce the Memorandum. Will you continue to support the enforcement efforts of the Office of Compliance?"

A: "As I indicated, I will be firmly committed to upholding the terms of the softwood lumber agreement, including maintaining the apppropriate staffing size to ensure compliance by Canada."

Now let's look at the area of Fisheries. The Department of Commerce shares with the Regional Fishery Management Councils the responsibility of managing the Nation's vast fishery resources. Do you agree with me that conservation is the primary objective of fisheries management under the Magnuson Fishery Conservation and Management Act? Do you also agree that the Department has a responsibility to implement essential conservation measures in any instance where a Regional Council fails to do so?

ANSWER:

The conservation and management of fishery resources is the primary objective of the Magnuson Act. The Department strongly supports the Councils' approach of managing fisheries on a regional basis and works closely with the Councils in the development and implementation of fishery management plans.

The Secretary of Commerce has explicit authority to implement conservation measures when Councils fail to act, and has used this authority when appropriate, as in the case of the Gulf red drum fishery. By continued cooperation with the Councils at the earliest part of the Fishery Management Plan development process, exercise of that authority should remain a relatively infrequent occurrence. A primary focus is to ensure that conservation measures prevent overfishing. DOC's commitment to this objective is demonstrated by recent efforts to strengthen our policies which define and implement fisheries management. DOC has developed a new conservation standard guideline which will better protect the fisheries resources and provide a greater benefit to the Nation from these resources.

POSTHEARING QUESTIONS OF SENATOR BRYAN AND THE ANSWERS THERETO

Travel and Tourism

Question:	What are the professional qualifications for USTTA personnel? Do USTTA personnel have professional backgrounds in the travel and tourism industry?
Answer:	All senior level USTTA personnel are individuals who either possessed years of experience in the travel industry before joining the agency, or who have been with the agency for many years and through their agency experience possess extensive knowledge of the travel industry, export promotion, trade policy, and/or travel industry economic research. Over the years, many of USTTA's regional offices have been cited by the travel industry trade press or the wholesale and retail travel trade (i.e., tour brokers and travel agents) in their respective market countries for being the outstanding foreign travel export promotion office. The agency is completing a conversion of its foreign operations to the United States Foreign Service under the terms of the Foreign Service Act of 1980 and a memorandum of understanding executed between the Departments of State and Commerce subsequent to the Act. In the assessment process which preceded the conversion, and which was carried out in accordance with the requirements of the Foreign Service Institute of the State Department, nearly 80 percent of USTTA personnel who participated in the assessment qualified to become career candidates for the USTTA Foreign Service. The Foreign Service Institute advises USTTA that this is a very favorable percentage.

POSTHEARING QUESTIONS OF SENATOR DANFORTH AND THE ANSWERS THERETO

Q. Other federal agencies are becoming increasingly involved in making decisions that have a direct impact on U.S. competitiveness and our industrial base. A timely example of this phenomenon is DOD's recently concluded agreement with Japan for the development of an advanced fighter plane known as the FSX. As I understand it, this agreement calls for codevelopment and coproduction of a new aircraft, while the U.S. already has state-of-the-art aircraft available for sale.

(1) What do you think of the new agreement?

(2) Was the Commerce Department adequately consulted in accordance with the law during negotiation of this agreement?

A. I understand that the Department did receive a general briefing, but did not play as full a role as had been hoped. If confirmed, I will request a copy of the official agreement and associated documents and provide for a review utilizing Commerce expertise.

I fully support the intent of Section 824 of the Defense Authorization Act in requiring the Department of Defense to consult with Commerce (as is the practice in Japan, where MITI is a full member of the negotiating team). I plan to take this up with Secretary-designate Tower as soon as possible, and hope that the State Department will also take a particular interest. No single agency alone has the breadth of expertise or authority to determine the importance of these technologies to our industrial base.

Without this broad involvement, American companies owning vital technologies may find themselves up against a now-classic targetted industry syndrome. Nor should any single company be put in a position where their single largest customer, in this case the U.S. Government, may require them to take an action which is not in their long-term interest.

I intend to work with the Departments of Defense and State to ensure that America protects its technology and maintains its competitive edge in these areas.

QUESTION FOR SECRETARY-DESIGNATE MOSBACHER BY SENATOR PACKWOOD, FOR HIMSELF, AND MR. HATFIELD

QUESTION:

The fiscal year 1989 Commerce, Justice, State Appropriations bill directs the Department of Commerce to establish regional offices of the Bureau of Export Administration in Portland, Oregon and Boston, Massachusetts/Nashua, New Hampshire area. The bill also requires Commerce to conduct a study to determine the most appropriate locations for two additional offices. The establishment of the offices in Portland and Boston/Nashua is completely independent of the study of potential locations for the two additional offices elsewhere in the country.

Although Secretary Verity did proceed with the required study, he refused to establish the Portland and Boston offices. If confirmed as Secretary of Commerce, will you proceed with the establishment of the Portland and Boston regional offices, as Congress intended?

ANSWER:

If confirmed and if funds are available, I intend to establish Boston/Nashua and Portland regional offices of the Bureau of Export Administration. As you know, President Reagan's FY 1990 budget proposed no funds in Boston/Nashua, Portland or any other new offices. Accordingly, I will explore this issue in conjunction with President Bush's review of the FY 1990 budget to determine whether resources may be made available to open these two facilities.

Question: Do you foresee any changes in the export control process or administration at the Department of Commerce? Do you recommend changes in other agencies which have jurisdiction in this area, or in interagency procedures? How will you avoid duplication of effort among agencies?

Answer: Commerce's export licensing process has dramatically improved over the past several years. These improvements, which include automation of export licensing, have lead to significantly reduced delays in license processing and improvements in quality and consistency of licensing decisions. I plan to continue this progress.

Several areas, however, will require attention and action. First is a careful review of the Export Administration Act, as amended, to (a) determine if other agencies are operating within the statutory mandate and (b) to identify conflicting structures and roles in the interagency process. We must have an effective interagency dispute resolution mechanism so that disagreements over licensing decisions can be resolved within mandated timeframes. I intend to work directly with the Secretaries of Defense and State on this matter.

A second major area of concern is the jurisdictional issue between the Department of Commerce and State on whether certain items are more appropriately controlled under Commerce's dual-use list, or State's munitions list. I will work with the Secretary of State to try and resolve this problem and avoid a duplication of roles and efforts.

POSTHEARING QUESTIONS OF SENATOR PRESSLER AND THE ANSWERS THERETO

1. The viability of the Landsat program remains a top priority of mine. I believe we have reached a solution to the basic problem of archiving the accumulated data. This year, as you know, funding for archiving at the EROS Data Center in Sioux Falls, South Dakota, is coming from NOAA. An agreement has been reached to transfer that responsibility from Commerce to Interior for Fiscal Year 1990. So I will not be asking you to send any money to South Dakota for archiving.

   I am worried, however, that the ongoing Landsat program will be allowed to cease this April. As you know, the six-month level of funding appropriated by Congress for Landsat operations for FY 1989 was based on the assumption that Landsats 4 and 5 would cease operating in the first half of the fiscal year. They continue to operate, however. It is even possible that Landsat 5 could continue operating for the next couple years until Landsat 6 is launched.

   NOAA has stretched the appropriation out to cover Landsat operations until April, but the satellites will then have to be shut down. I am told by NOAA that shutting them down is a permanent action, since there is no way to turn them on again. There are potentially years worth of valuable environmental information to be produced by these satellites. In my opinion, it is essential that funding for Landsat operations continue as long as Landsats 4 and 5 function, or until Landsat 6 is launched.

   The Bush Administration has committed itself to increased funding for the study of global change. Yet these satellites, which are supplying the current information needed for studying global change, are in danger of being junked within three months. How do you plan to keep these satellites operating? Or do you plan to create a gap in our coverage of the earth's environment just as our global change effort is gearing up?

ANSWER:

The Congress appropriated funds to operate Landsats 4 and 5 and the associated ground system only through March 31, 1989. NOAA has no other funds to use for Landsat operations in the second half of FY 1989.

NOAA has requested the Department of Defense, Interior, and Agriculture, which are the Government's primary Landsat data-using agencies, to consider providing funds to operate Landsats 4 and 5 for the remainder of FY 1989. Without an additional source of funds, NOAA will have no other choice than to cease funding Landsat operations. If that becomes necessary, EOSAT, our Landsat contractor, could choose to continue operating Landsats 4 and 5 using part of their revenues from Landsat data sales.

2. NOAA has recently announced that it is beginning negotiations with CNES, the French national space agency, aimed at merging the Landsat and French "SPOT" systems. Will you ensure that the EROS Data Center, as the nation's land remote sensing archive, is a designated recipient of data from the SPOT system, if such a merger agreement is reached?

ANSWER:

NOAA is engaged in preliminary discussions with CNES, the French national space agency, relative to the possibility of reducing the cost to both the U.S. and French Governments of civil land remote sensing by joining forces in the future in a commercially-oriented enterprise. This is one option being explored as a result of Congressional direction to study alternatives for the future of U.S. civil land remote sensing.

The Land Remote Sensing Commercialization Act of 1984 (P.L. 98-365) requires the Secretary of Commerce to maintain a land remote sensing data archive. The EROS Data Center houses that archive. I can assure you that, pursuant to the Act, EROS would be a recipient of data from a merged Landsat/SPOT system. If the Congress passes legislation to guide a merger between Landsat and SPOT, however, the existing archiving requirements could be changed.

3. On October 26, the Washington Post published a list of weather service offices slated to be closed because of a $25 million budget shortfall. In investigating the legitimacy of that list, I was told by the National Weather Service that the list was unofficial and incorrect. In addition, I was assured that no weather service office scheduled to receive the NEXRAD radar would be closed.

I bring this up because one of the weather service office in my state which is scheduled to receive a NEXRAD radar was on that list. I am talking about the Aberdeen Weather Service Office. Weather Service officials also told the Aberdeen American News that talk of closing the Aberdeen office was "groundless".

Since this sort of talk, whether based on rumor or fact, surfaces on a regular basis in South Dakota, I am asking you if the weather service offices slated to received NEXRADs, including Aberdeen, will remain open as I was told in October, or if the National Weather Service is going back on its word. If there are any plans to close these offices, which ones will be affected?

Answer:

The Next Generation Weather Radar (NEXRAD) System is a tri-agency effort with the National Network of Radars designed and balanced to meet the needs of the Federal Aviation Administration, the Department of Defense, and DOC's National Weather Service (NWS). It is planned that future NWS field offices will be located with and directly use the output from a single NEXRAD and have access to summarized data from the entire network.

Future weather offices located with the new NEXRAD technology will not be considered for closure within the current context of budgetary planning. Aberdeen is a future NEXRAD site and is not scheduled at present for closure.

4. Many foreign countries do not adequately protect the copyrights and patents of U.S. intellectual property. As a result, American products are counterfeited and sold at less than competitive prices. American firms are put out of business or, at the very least, their market share is sharply cut. The trade bill passed last year requires the U.S. Trade Representative to identify and initiate cases against priority countries with trading practices that infringe on U.S. intellectual property rights and decide whether action should be taken within six months. I know from the experience of businesses in my home state that the Commerce Department has also played a very helpful role in stamping out counterfeiting. Could you comment please on this important issue?

A. Intellectual property will be an increasingly important component of the goods and services American industry sells in world markets in the coming decades. Strong protection by our trading partners of the patents, trademarks and copyrights embodied in these goods and services is essential if we are to remain competitive and eliminate the trade deficit. Together with the U.S. Trade Representative and the State Department, the Commerce Department has worked hard in bilateral negotiations to address deficiencies in the intellectual property laws of the countries of the Pacific Rim, Latin

America, and elsewhere. Multilaterally, Commerce is working with these same agencies to achieve an agreement to protect intellectual property rights in the Uruguay Round trade talks in the GATT and to analyze and evaluate the intellectual property laws of a host of countries to assist the Trade Representative in the formulation of the list of priority countries. The Department is also working in the World Intellectual Property Organization to develop one new agreement for protecting semiconductor chips and another to harmonize and strengthen the various national patent laws. I can assure this Committee that this effort will continue to receive a high priority by the Commerce Department.

Question: As you know, the United States Travel and Tourism Administration (USTTA) is responsible for coordinating the travel and tourism promotional activities of the federal government. USTTA performs its duties with a budget of slightly less than $14 million. The agency, with many tourism industry supporters, estimates that it needs an annual budget of $30 million to fully perform its duties. For example, this increased level of funding would help improve the quality and delivery of U.S. travel-related services. This would include a marketing campaign, in cooperation with the American tourism industry to West Germany, Japan, and the United Kingdom by 1990. What is your commitment toward USTTA and what kind of consideration will you give to a budget increase for the agency?

Answer: One of the first responsibilities I will undertake upon assuming office will be to review the strategic plan which USTTA has developed and which I understand they will present to Congress later this winter. This plan serves to outline the role USTTA sees for itself, its relationship with the industry, its relationship with other agencies of the federal government, and the funding it believes is necessary to fulfill its mandate under the National Tourism Policy Act of 1981.

Within the budgetary policies of the Bush Administration the program needs of USTTA will be fully addressed.

POSTHEARING QUESTIONS OF SENATOR LOTT AND THE ANSWERS THERETO

QUESTION 1.

The Commerce Department is responsible for chairing the Interagency Committee to Implement Textile Agreements which administers the U.S. bilateral textile agreements. Over the past year, that committee has been slow to act to establish import quotas even though clear evidence showed that these imports were disrupting our market and taking away U.S. job opportunities. One reason appears to be that the economic analyses of the issues produced by the Commerce Department have been deficient. Another reason seems to be that the Commerce Department is being outmaneuvered in the interagency process.

Could you comment on both these reasons and please let me know how you plan to correct these problems?

ANSWER:

I appreciate your concerns, especially since the Committee for the Implementation of Textile Agreements (CITA) has established new quotas on 37 categories in 1988, fewer unilateral import quotas than had been the case in past years. This reduced the number of calls, resulting in fewer instances of market disruption.

We have in place today a very comprehensive import control program of forty bilateral agreements limiting imports in more than 2,000 categories. About ninety percent of the imports from low cost suppliers are subject to limits and about eighty percent of total imports are covered. Furthermore, imports of textile products have been declining. The quantity of goods imported in January-November 1988 is 7.3 percent below that of the comparable period of 1987. When coupled with the relatively favorable conditions that have prevailed domestically as demonstrated by the stronger performance of our domestic textile and apparel industries over the past several years, it is understandable that CITA has encountered increasing difficulty in justifying findings of market disruption.

I would like to assure the Committee that as Secretary of Commerce, I will take very seriously the Department's role as chair of CITA. Every effort will be made to ensure that our economic analyses are performed as timely and as thoroughly as possible. If problems arise in the functioning of the interagency process, we will act to correct them.

QUESTION 2.

Imports of cotton textiles and apparel products contain about 5.0 million bales of raw cotton equivalents, most of which is foreign grown. On the other hand many countries have regulations which make it difficult, if not impossible, for U.S. textile and apparel manufacturers to export their products.

Will you work with the Special Trade Representative to more rigidly enforce bilateral agreements on textile and apparel imports? Will you instruct your staff to more aggressively identify and promote U.S. textile and apparel exports and to identify barriers to trade? Will you take steps to ensure that all possible efforts are extended to ensure that imported products are properly labeled by country-of-origin and are not transshipped in violation of U.S. law and international agreements?

ANSWER:

We are committed to strict enforcement of U.S. rights under our bilateral and multilateral textile agreements. The U.S. Trade Representative is a member of the Committee for the Implementation of Textile Agreements and I believe it important that we work closely together to ensure strict enforcement of our rights.

While the U.S. Customs Service is responsible for enforcement of our country-of-origin regulations, close cooperation between Customs and Commerce is essential. Should Customs identify cases of transshipment, we will take action to charge any such imports to the quotas of the appropriate country. Any allegations or evidence of such practices that may come to our attention will be relayed immediately to appropriate Customs officials.

Elimination of foreign trade barriers and promotion of U.S. exports will receive a high priority in the Bush Administration. The Commerce Department has a critical role in these matters and I fully intend to see that it fulfills its mission.

HAZARDOUS WASTES

3. I understand your Deputy Assistant Secretary for Basic Industries is knowledgeable with respect to a revolutionary new American technology that completely destroys industrial hazardous wastes so that landfills are no longer necessary. Would you please provide me with a complete report on what you will do to see to it that your Department encourages this new approach before the Japanese or another country gets the jump on us again?

A: There is a very important relationship between environmental protection afforded by removing materials from the waste stream, and the need to develop markets, both domestically and internationally, for the recovered materials and removal technology. Since the Secretary of Commerce has been assigned the responsibility to promote resource recovery under the Resource Conservation and Recovery Act (RCRA), I assure you that I will carry out my duties.

The International Trade Administration has followed closely the developments regarding hazardous waste and has organized two meetings that touch on this issue. The first focused on goverment policies that inhibit recycling and resource recovery. The second emphasized the need to develop markets for the recovered materials to ensure that the materials recovered end up as an economic good, not simply diverted to a landfill. We will examine how we might build on these effots.

We will look into the export potential of U.S. technology and recovered materials. Large volumes of waste paper are now shipped from California to the Pacific Rim countries, where some of this materials is converted to liner board that is then sold to other Pacific Rim countries. The Department has proposed the use of the Export Trading Company Act to firms in this industry to enchance the export potential of this sector. In discharging our RCRA duties, the Department will remain cognizant of the trade value of our exportable materials and technology.

Question 4. Last year, 33 million foreign tourists generated $24.5 billion in export receipts for the United States. Although tourism is such a viable source for capital in direct dollars in the free enterprise system and tax revenue, the United States ranks only 45th among nations in money invested per capita in order to attract international tourism.

The United States Travel and Tourism Administration (USTTA) which is charged with the promotion of international tourism received its first funding increase in five years last year -- from $11.5 million to $13.8 million. In light of the tremendous deficit amassed by the federal government, would you as Secretary of Commerce recommend to President Bush that USTTA receive increased funding and, if so, how hard are you willing to fight for this increased funding? If you are not willing to fight for increased funding, how would you propose to attract more international tourism?

Answer: USTTA and the enhancement of its programs is one of the goals of this Administration. Tourism export promotion and facilitating the entry of medium and small-size travel companies and lesser known destinations into the international market are proper and important roles for the federal and state governments to fulfill.

As Secretary of Commerce I will carefully evaluate USTTA's funding needs in fulfilling its Congressional mandate.

Question 5 In 1987, Americans traveling abroad spent more than $8 billion more than revenues received from foreign tourists to the United States. The weak dollar has benefitted tourism in the United States over the past five years, but as a whole, the United States has lost ground in the global tourism market.

The Reagan budget calls for a one time increase in funding for USTTA for the World's Fair and then $3.5 million decrease over the remaining year. First, will you recommend that President Bush go along with the funding cut? Second, if the cut is maintained what will you do to recover the revenues lost through tourism?

Answer: I recognize the important contribution tourism makes to the nation's economy as a whole and to the balance of trade in particular. The fact that the United States has a trade deficit in tourism may be more a reflection of the United States not competing effectively for tourism export revenue than it is of Americans spending abroad.

To correct this situation, the Department of Commerce, and USTTA in particular, must ensure that government and industry working together are doing everything possible to promote America's tourism products and services in the export market. Further, barriers to trade in tourism that exist must be addressed and eliminated.

I will do everything possible to ensure that within the budgetary policy of this Administration, USTTA will have the resources -- human and financial -- to execute an effective trade promotion and trade policy program which redresses the trade deficit in tourism.